LNG Unlimited

LNG JOURNAL PUBLICATION

26 January 2021

Canadians are 'disturbed' by US moves against LNG and oil projects

"That's not how you treat a friend and ally,' stated the Premier of Alberta Jason Kenney

LNG News Editor

Alberta Premier Kenney said exports to US worth $100Bln

The Canadian province of Alberta, the centre of the nation's oil and gas industry, said it felt under attack by the new US Administration of Joe Biden and said Canada, while its projects were being cancelled by Washington, had better environmental standards than those the US even hopes to have in the future.

The angry reaction from Alberta and its companies follows the ending by the US, firstly of the Jordan Cove LNG export project in the northwest state of Oregon run by Calgary, Alberta-based Pembina Pipeline Corp and then the withdrawal of TC Energy's Presidential permit for its Keystone XL pipeline to run from Canada through the US.

Jobs destroyed

TC Energy, also based in Calgary, said the decision by the Biden Administration would impact thousands of union jobs, new renewable energy investments and opportunities for Indigenous communities.

The initial permit award by the previous Administration to construct the Keystone oil pipeline resulted in an additional investment of around US$8Bln.

The 1,947km (1,210-mile) pipeline was designed to deliver 830,000 barrels per day of crude oil from Hardisty in the Canadian province of Alberta to the US state of Nebraska.

It would then have connected with existing facilities to reach US Gulf Coast refiners to meet critical needs for transportation fuel and manufactured products. Keystone XL had been expected to be placed into service in 2023.

As part of the funding plan, the government of Alberta had agreed to invest around US$1.1Bln as equity in Keystone XL which substantially covered some construction costs.

It was the second Canadian-led multi-billion dollar project to be cancelled following the reversal of a construction permit for Pembina's Jordan Cove LNG project in Oregon.

The Federal Energy Regulatory Commission (FERC) had previously approved the construction and operation of the Jordan Cove venture in March 2020.

However, a last-minute move by the state denied a clean water permit for the project and the FERC upheld that decision on January 19 after months of delay.

The FERC had voted 2-1 in favour of the Pembina project in last March, despite the Oregon Department of Environmental Quality denying water quality certification.

The Oregon department's hold-out over Jordan Cove LNG had been viewed as a local blockage that could easily be overturned by the FERC if it chose to do so. Instead, the main federal energy regulatory body decided to reverse its March 2020 approval.

The Premier of the Canadian province of Alberta, Jason Kenney, has called on federal Prime Minister Justin Trudeau to respond to the shutdown of projects involving Canadian energy companies.

"Alberta's government calls for the federal government and Prime Minister Trudeau to immediately enter into talks with the Biden administration on their cancellation of the Keystone XL pipeline in the context of a broader agreement on energy supply and climate action," said Alberta Premier Kenney.

"Failing an agreement with the American government, we call on the Government of Canada to respond with consequences for this attack on Canada's largest industry," stated Kenney.

Kenney said the province was fighting for Alberta's responsible energy industry, and for the 59,000 jobs that the Keystone XL project would create.

"As friends and allies of the United States, we are deeply disturbed that one of President Biden's first actions in office has been to rescind the Presidential permit for the Keystone XL Pipeline border crossing," said Kenney.

■

UNLIMITED AGENDA

Woodside of Australia reports drop in 2020 LNG sales revenue in roller-coaster year for prices

LNG News Editor

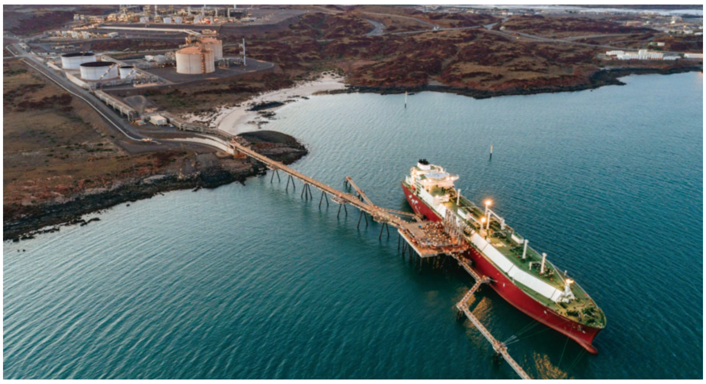
Woodside Petroleum, the Western Australian operator of two LNG export plants, posted a plunge of more than 33 percent in 2020 LNG sales revenues after the roller-coaster price movements in the year of Covid-19.

Woodside reported that LNG sales revenues in 2020 amounted to US$2.53 billion, well down from the US$3.74Bln logged in the previous year.

Sales and output

The Perth-based company, which operates the North West Shelf LNG plant, Pluto LNG and has a stake in the Chevron-operated Wheatstone LNG plant, also saw overall annual revenues, including oil and petroleum products, drop to US$3.61Bln from US$4.95Bln in 2019.

Fourth-quarter LNG sales revenues to December 2020 declined to US$607 million versus US$991M in the prior-year quarter, but were higher than the US$462M reported in the three months to September 2020.



More LNG developments are planned for Western Australia

The company noted that its average realised LNG price in the fourth quarter was US$4.8 per million British thermal units, compared with US$3.9 per MMBtu in the third quarter and US$8.1 per MMBtu in the prior-year fourth quarter.

Woodside Chief Executive Peter Coleman said the annual income fall came as 2020 annual production was 12 percent higher than in 2019.

On the positive side, he noted that sales revenue in the fourth quarter rose 32 percent to US$920M from US$699M compared with the third quarter of 2020 on the back of higher oil and gas prices.

Coleman also gave an overview marking progress on the company's various ventures, including the Burrup Gas Hub plan in Western Australia, backed by the Scarborough gas field.

"Production licences were awarded for the processing of Scarborough gas through an expanded Pluto facility and we remain on track for a targeted final investment decision on the development in the second half of this year," said Coleman.

The design capacity of the Scarborough offshore development was increased by around 20 percent to produce 8.0 million tonnes per annum of LNG. This follows completion of technical feasibility studies in December 2020.

Coleman said that the Pluto Train 2 construction plan had been reviewed and optimised to improve execution efficiency with the chosen engineering, procurement and construction contractor, the US company Bechtel.

"Oil and gas prices have strengthened considerably heading into the first quarter of 2021. We agreed to our highest ever spot LNG price for delivery in the coming quarter, surpassing our previous record set in 2012," Coleman noted without giving the prices.

In Senegal, Woodside completed the acquisition of UK-listed Cairn Energy's interest in the Sangomar offshore oil development and a contract was awarded for the operation and maintenance of the floating production storage and offloading facility, which is targeted for delivery and first oil in 2023.

Woodside's equity interest in Sangomar increased to 68.33 percent and to 75 percent for the remaining evaluation area.

Kinder Morgan reports small profits fall as activities still underpinned by US LNG needs

Kinder Morgan Inc., the US pipeline company, reported a small decline in fourth-quarter net income as revenues were underpinned by the growing LNG feed-gas requirements on the Gulf Coast and praised the performance of the Texas Intrastate systems, Natural Gas Pipeline of America (NGPL) and Elba Island LNG.

KMI reported fourth-quarter net income of $607 million, slightly down on the $610M total in the same three months of 2019.

"Despite the pandemic's continued drag on the economy and on energy demand, our company weathered the fourth quarter well, producing substantial earnings as expected and robust coverage of this quarter's dividend," said KMI Executive Chairman Richard D. Kinder.

"Our assets continue to provide strong cash flow and our corporate philosophy remains sound: fund our capital needs internally, maintain a healthy balance sheet, and return excess cash to our shareholders," stated Kinder.

KMI President Kim Dang gave an overview of 2020 and outlined the prospects for 2021.

"Financial contributions from all of our business segments were down compared to the fourth quarter of 2019, due to lower energy demand as a result of the pandemic, lower commodity prices, and the December 2019 sale of Kinder Morgan Canada Limited (KML) and the US Cochin Pipeline," said Dang.

She noted, however, that one of the major highlights of the quarter was completing construction of the Permian Highway Pipeline, which went into full commercial service on January 1, overcoming multiple permitting and legal challenges.

The $2-billion Permian Highway Pipeline brings associated gas from West Texas to the Gulf Coast for use by industry and exporters.

The 430-mile PHP delivers natural gas from the Waha Hub in Texas to Katy in Texas with connections along the coast and to markets in Mexico.

"Our project management teams and workers in the field managed to complete several other important expansion projects during the quarter while maintaining an outstanding safety record in the face of the historic pandemic," Dang continued.

She added that Natural Gas Pipelines segment experienced lower contributions from multiple gathering and processing assets due to sharply reduced natural gas production and from the sale of the US Cochin Pipeline in December 2019.

Grupo HAM of Spain starts Peru network for fuel

Grupo HAM of Spain, the LNG and gas fuel infrastructure company, said it partnered with Peruvian firm Limagas to build the first LNG and compressed natural gas station in the South American nation of Peru, an LNG exporting nation.

The station is on one of the main avenues of the city of Cuzco, located in the Peruvian Andes.

The service station currently offers its customers CNG and with its two double dispensers and 80 cubic metres LNG tank will soon be filled with fuel.

"The Cuzco CGN-LNG gas station is the first of three planned natural gas stations in Peru, including a second station in Cuzco and another to be opened at Quillabamba during 2021," said HAM.

With these new projects, HAM continues to help promote the use of LNG and CNG in South America, where its subsidiary HAM Chile was chosen by local Chilean company Empresas Lipigas to design, construct and commissioning the first LNG fuel in Chile.

HAM's Peruvian project partner Limagas is an affiliate of Empresas Lipigas.

This station will be sited at fuel facilities of Transportes San Gabriel in Linares, 300 kilometres south of the Chilean capital Santiago.

While Chile is an LNG importer, Peru has been an LNG exporter since 2010 with a plant at Pampa Melchorita comprising two liquefaction Trains and annual output of around 4 million tonnes per annum.

During the Peruvian inauguration, the authorities of the Regional Government of Cuzco said that having a natural gas filling station changed the nation's energy matrix and would help lower fuel costs.

Golar LNG Partners plans vote on February 24 on New Fortress deal

LNG News Editor

The Golar Partners fleet includes the vessel 'Golar Maria'

Golar LNG Partners, the owner of 10 LNG ships, said it would hold a special meeting of unit-holders on February 24 to vote on the takeover of the company by New Fortress Energy, the New York-based LNG and power project developer in Latin America and the Caribbean.

"Golar LNG Partners common unit-holders of record at the close of business on January 25, 2021, will be entitled to receive notice of the special meeting and to vote," said a statement from Golar Partners, listed on the Nasdaq global stock exchange.

Ventures

Under that deal, New Fortress has agreed to acquire all of the outstanding common units and general partner units of Golar Partners for $3.55 per unit in cash.

The Partnership's fleet of vessels comprises four modern carriers, four floating storage and regasification units and two newbuilds.

The Chairman of Golar Partners, Tor Olav Troim, is backing the deal, saying that it was an attractive solution for Golar Partners and its unit-holders.

New Fortress is also engaged in a second takeover of Hygo Energy Transition, a Brazil-focused joint venture owned by US-based fund Stonepeak Infrastructure Partners and shipping company Golar LNG Ltd, an affiliate of Golar Partners.

When Stonepeak and Golar LNG Ltd started their joint venture to develop LNG-for-power projects in northeast Brazil it was known as Golar Power before the name was changed to Hygo Energy Transition.

New Fortress Chairman and Chief Executive Wes Edens has said that both deals were valued at a total of more than $5 billion in cash and shares and would turn New Fortress into the leading gas-to-power company in Brazil through the Hygo deal and the purchase of Golar Partners would provide world-class LNG shipping experience and assets.

GTT gives update of appeals in Korea Fair Trade Commission case

Gaztransport and Technigaz (GTT), the French designer of liquefied natural gas maritime and onshore storage systems, has given an update of the appeal procedure in a case involving the Korea Fair Trade Commission.

GTT had been fined by the KFTC, the country's anti-trust regulator, for unfair tie-in sales to South Korean shipbuilders.

The KFTC fined GTT a total of 12.5 billion South Korean won ($11.3 million), alleging unfair practices. GTT then appealed against the ruling.

Following GTT's appeal the Seoul High Court granted GTT's motion on the 6th of January 2021 to suspend the effect of KFTC decision, which requires that GTT allow those Korean shipyards which would so request to perform all or part of the technical assistance currently included in the technology licence.

"This favourable decision for GTT is currently being reviewed by the Supreme Court of Korea as the KFTC has appealed against it on January 14," added GTT.

"The company will keep the market informed of any significant development on the matter," stated Paris-based GTT.

The French company, which fully cooperated with the KFTC investigation, provides its cargo containment systems for LNG carriers built by eight Korean shipyards under separate licensing agreements with the yards.

The South Korean shipyards are the leading builders of LNG carriers, followed by China, Japan and Russia.

"Corrective orders and penalties were imposed for the act of compelling to purchase engineering services while providing the LNG cargo storage technology licence," said the Korean regulator in its original ruling.

The Korean regulator noted the undoubted success of GTT, which accounted for 95 percent of the global LNG ship cargo containment systems licensing market in terms of sales.

The Korean eight shipyards cited by the KFTC were Hyundai Heavy Industries, Hyundai Samho Heavy Industries, Hyundai Mipo Dockyard, Samsung Heavy Industries, Daewoo Shipbuilding & Marine Engineering, Hanjin Heavy Industries, HSG Sungdong Shipbuilding and Daehan Shipbuilding.

On-site or Factory Built Storage Tanks, Intermodal ISO Tank-Containers, Railroad Tank Wagons, & more..

Corban Energy Group (CEG) has been creating highly engineered products required by the natural gas supply chain, from upstream to downstream. CEG has established natural gas terminals throughout the world, provided quality LNG/CNG equipment for the American market, and built storage tanks as large as 200,000 CM in capacity, with its worldwide network of engineering & manufacturing partners.

Call or e-mail us to find out how your company can benefit from our comprehensive natural gas products and services today.

www.CorbanEnergyGroup.com

CORBAN ENERGY GROUP

Your Solution for LNG/LPG

T. **201.509.8555** info@corbanenergygroup.com

418 Falmouth Avenue, Elmwood Park, NJ 07407, USA

NEWS NUDGES

Santos on right path

Australia's Santos, which has stakes in Darwin LNG, the Gladstone plant in Queensland and at the Papua New Guinea plant operated by ExxonMobil, said in its fourth-quarter report that revenues rose 16 percent to US$922 million, primarily due to stronger LNG sales volumes. The average realised LNG price in the three months to the end of December was US$5.34 per million British thermal units versus US$4.27 per MMBtu in the previous three-month period and US$9.07 per MMBtu in the prior-year quarter.

US cargoes offered

Commonwealth LNG, the US company with plans to develop an export plant on the Calcasieu River near Cameron in Louisiana, is soliciting bids to reserve offtake from its planned 8.4 million tonnes per annum of output. Commonwealth said it was acting in association with global commodities firm Gunvor. "It is the first ever tender process in which prospective LNG customers can secure future term supply at volumes, pricing and durations of their choosing through competitive bidding," said Commonwealth.

Chart NYSE switch

Chart Industries, the US LNG equipment-maker and industrial gases company, said it intended to transfer the listing of its common stock to the New York Stock Exchange from the Nasdaq global exchange effective from February 1. The common stock of Atlanta, Georgia-based Chart would continue to trade under the ticker symbol GTLS. The stock will continue to trade on the Nasdaq until the transfer is complete.

Chinese shipments in 2020 set yet another record in volumes

LNG News Editor

China confirmed that 2020 liquefied natural gas imports hit a record as energy needs continued to grew even after the slowdown in the first half caused by the Covid-19 pandemic.

Chinese imports totalled 67.13 million tonnes in 2020, an increase of 11.5 percent, according to China's General Administration of Customs.

Month high

Shipments during December to China's network of more than 20 terminals also hit a record monthly high of 7.59MT, up 18.2 percent from the same month a year ago.

The December imports surpassed the previous record of 6.61MT achieved in November 2020.

China's main LNG suppliers are Australia, Qatar, Malaysia, Indonesia, Russia and the US.

Imports by China have been increasing even at higher North Asia spot LNG cargo prices.

China's import terminal network is continuing to expand

The Japan-Korea Marker price for North Asian had fallen to its lowest ever of $1.83 per million British thermal units on the 29th of April 2020 before jumping more than eight-fold in the closing stages of December, to a more than six-year high of $15.10 per MMBtu.

The JKM price for February 2021 cargoes subsequently increased further to a new record of $20.705 per MMBtu.

Chinese imports had grown fast to 61.68MT in 2019, a 13.5 percent increase on 2018 when 53.81MT was received and from 2017 when 39MT was imported.

China, unlike Japan, also has substantial pipeline natural gas imports.

It receives pipeline gas from southeast Asian nation Myanmar, the Central Asian republics of Turkmenistan, Kazakhstan and Uzbekistan, as well as from Russia since December 2019.

Analysts had forecast last year, before Covid-19 was known, that China would overtake Japan in LNG imports by 2022. ■

Japan reports declining shipments again but at much lower prices

Japan's liquefied natural gas imports again declined on an annual basis by 3.7 percent in 2020 with only Australian, spot and US volumes increasing, though shipments to Japanese terminals still outstripped China's during the month of December.

Shipments of LNG to the Japanese import network amounted to 74.46 million tonnes compared with the 77.32MT received in 2019, according to the preliminary figures from the Japanese Finance Ministry.

Japan imported 7.72MT of LNG in December, its highest total of the year, surpassing the record Chinese December imports of 7.59MT.

Imports in November came to 6.02MT, less than the 6.27MT received in the same month of 2019.

Japan's annual shipments in 2020 shipments cost 3.31 trillion yen ($31.10 billion), a drop of 26 percent on the 4.34 trillion yen ($42.05Bln) spent in 2019.

LNG imports by the world's largest buyer of the fuel are continuing to decline and the 2019 total of 77.32MT was 6.7 percent lower than the 82.85MT logged in 2018.

The second-largest LNG importer, China, is poised to overtake Japan in the next few years and its shipments in 2020 came to 67.13MT, just 7.33MT behind the latest Japanese total.

LNG competes mainly with thermal coal for power generation in Japan amid a continued shutdown of most of the nation's nuclear plant. The nation's thermal coal imports also dropped during 2020 by 5.2 percent to 105.17MT as the Covid-19 pandemic slowed economic activity.

Nuclear power usage in Japan is still much reduced from the 50 units on line in 2011 to less than a handful now.

The number of nuclear reactors in operation has fallen from nine reactors a year ago to just four reactors as Japan tightens safety restrictions and several plants close for upgrades.

Asia's annual LNG cargo deliveries to Japan from nations such as Malaysia and Indonesia, Papua New Guinea and Brunei amounted to 16.81MT, a drop of 5.9 percent from 2019. ■

Venice LNG storage and distribution project obtains authorization for Porto Marghera facility

LNG News Editor

Terminal will be located in an area owned by Decal SpA

Venice LNG, a company owned by Italian industrial groups Decal SpA, said it had obtained an authorization decree for the construction and operation of a small-scale LNG storage terminal in the industrial area of Porto Marghera.

The permit has come from the Italian Ministry of Economic Development in agreement with the Ministry of Infrastructures and Transport.

Feeder ships

The main infrastructure will consist of a 32,000 cubic metres capacity small-scale LNG import terminal able to receive feeder ships of up to 30,000 cubic metres capacity.

Facilities will be located in an area owned by Decal, alongside the existing oil storage site along the South Industrial Canal and on restored land formerly used for a coal plant.

Venice LNG's construction phase is expected to begin in the third quarter of 2021, while operations are scheduled for start-up by around mid-2024.

"This step forward in the fuel infrastructure for road and marine transport is made possible thanks to a private investment of over €100 million ($120M) by Decal Spa Group through its subsidiary Venice LNG," said the company.

"The project is promoted and supported by the North Adriatic Sea Port Authority and co-financed by the European Commission under the Connecting Europe Facility initiative for a total of €18.5M ($22.3M)," it added.

LNG will arrive at the Venice storage terminal by small and medium-sized LNG carriers and will be distributed on tank trucks, ISO-tanks and barges.

"Thanks to LNG, pollutants in the atmosphere and in the waters of the Venice lagoon will be drastically reduced," stated the company.

The authorization incorporates the requirements by all the authorities involved in the procedure, including the Veneto Region, and which must be fulfilled by Venice LNG before and during the construction and operation of the coastal storage facility.

Among the requirements, there will be mitigation of dust and noise emissions during the construction phase, along with an Environmental Monitoring Plan and the implementation of procedures to limit waste production.

"We are pleased to have reached the authorization decree, since it confirms the value of our project ," said Gian Luigi Triboldi, President and Chief Executive of Venice LNG.

"Our project went through a long technical-administrative path, involving many authorities and the local community too. Now, we are ready to give our contribution to promote the use of LNG, which plays a key role in the energy transition process," explained the CEO.

In addition to the storage tank, the Venice project also includes a jetty and a system to allow the loading of barges and the installation of a boil-off gas management system.

About three-quarters of the volumes will be aimed at the road transport market and the balance will be sold to the ship bunkering sector.

Adriatic LNG

The largest LNG facility in the region is Adriatic LNG, which imports cargoes from Qatar to be fed into the Italian natural gas transmission system.

The EU is promoting small-scale LNG distribution and more use of the fuel in trucking as part of its clean energy policy.

With the implementation of the International Maritime Organization's 0.5 percent global sulphur cap in 2020, LNG is being put forward as the most economic and viable alternative fuel for ship owners.

Gassco notes German gas supply record

Gassco, the Norwegian natural gas pipeline operator and one of the main competitors to LNG in Europe, said it transported record gas volumes to Germany in 2020.

The company said pipeline gas from the Norwegian Continental Shelf (NCS) played an important role in Europe's energy supply.

Gassco said its deliveries to Europe in 2020 amounted to 107.0 billion standard cubic metres, a marginal increase from 106.9 Bcm in the previous year.

However, pipeline gas deliveries to Germany rose from 47.6 Bcm in 2019 to 49.9 Bcm in 2020.

Norwegian gas arrives in Germany at two points in the state of Lower Saxony on the German northwest coast, the Emden terminal and the Dornum terminal.

The Norwegian natural gas supplies to Germany in 2020 amounted to the LNG equivalent of all the current annual output of two of the largest US export plant in Louisiana, the Sabine Pass facility and Cameron LNG.

"By delivering at such a high and stable rate in a very unusual year, we have clearly demonstrated the size of the demand for natural gas in a Europe which wants to reduce its consumption of coal as an energy source," explained Gassco Chief Executive Frode Leversund.

Gassco noted that ensuring that the company's deliveries can be so reliable depends crucially on good collaboration with a large number of players along the value chain.

More than 60 fields on the NCS produce natural gas and it's Gassco's job to get it to customers. ■

Centrica reports resilience in face headwinds aided by LNG activity

LNG News Editor

The 'GasLog Westminster' has been chartered by the utility

Centrica plc, the UK utility and energy company with a growing LNG market presence, reported a resilient financial performance in the second half of 2020 as the trading and optimisation performance continued to be strong, especially in LNG.

Centrica, the owner of the British Gas utility and whose LNG portfolio includes booked volumes from the US and Mozambique, said its activities were marked by the maintenance of a tight focus on cash generation and expenditure against the backdrop of Covid-19.

Restructuring

"The significant restructure announced in June remains on track, and trading and optimisation performance continued to be strong, in particular in our LNG business," said Centrica in its update to investors.

"At the end of 2020 we had 6.9 million UK energy supply customers and 3.6M UK services customers, both broadly unchanged since the half year," added Centrica.

The company stated that Covid-19 continued to impact financial performance, although as expected the gross impact was lower in the second half of 2020 than in first half.

"UK business electricity demand was negatively impacted by around 15 percent in the second half compared to around 30 percent in the second quarter," said Centrica.

Centrica said that it remained cautious entering 2021, with the return of tighter Covid-19 restrictions in the UK and Ireland expected to put continued pressure on business energy demand and limit the workload of services.

"In addition, the related uncertain economic backdrop increases the potential for additional working capital outflow and higher bad debts," it added. Centrica, which holds import capacity at the Isle of Grain LNG terminal southeast of London, has been increasing its carrier fleet operations.

It recently signed a seven-year time charter with Greek shipping line GasLog for the "GasLog Westminster", a 180,000 cubic metres capacity carrier with X-DF propulsion and a Mark III Flex containment system.

Centrica has also signed a long-term contract for 15 years to sell 500,000 tonnes per annum of LNG to the Shenergy Group of China. The company is due to release its 2020 preliminary results on the 25th of February. ■

French operator GRTgaz signs deal to support Baltic state of Latvia

GRTgaz, the French natural gas grid operator and parent company of the main LNG terminals operator, has signed an agreement with the network operator of the Baltic state of Latvia for the French utility to support the modernization of the Latvian gas system and its energy transition process.

GRTgaz ensures the pipeline transportation of gas throughout France and LNG deliveries through its subsidiary Elengy.

GRTgaz and the Latvian operator Conexus Baltic Grid, signed a service agreement as part of the cooperation. Conexus Baltic manages 1,188 kilometres of natural gas pipelines. However, Latvia also has one of the most modern natural gas storage facilities in Europe, the Incukalns underground gas storage.

The Baltic nation has been a member of the European Union since 2004, having formerly been a part of the Soviet Union.

GRTgaz said that it was evident that Conexus Baltic faced new issues in modernizing its infrastructure.

GRTgaz oversees a French network comprising 32,548 kilometres of pipelines and also supplies 15 gas-fired power plants in various units.

Three of France's LNG terminals, Fos Tonkin, Fos Cavaou and Montoir-de-Bretagne, are operated by Elengy within the Engie Group and as subsidiaries of GRTgaz.

Latvia's neighbour and another EU member, Lithuania, has had an LNG import facility at the Baltic port of Klaipeda since 2014.

The import facility, the floating storage and regasification unit "Independence", was deployed in Klaipeda port in Lithuania to break the monopoly of Russia's Gazprom over gas supplies to the region. However, the LNG terminal has had little effect on the gas markets of neighbouring Latvia and the third Baltic state Estonia. ■

Sovcomflot tanker 'Christophe De Margerie' completes first January LNG transit of NSR

LNG News Editor

Sovcomflot, the Russian shipping line with an overall fleet of 145 vessels, said its LNG carrier, the "Christophe De Margerie", reached Cape Dezhnev in Russia's Far East to complete the earliest annual eastbound voyage carrying a cargo along the Northern Sea Route.

The "Christophe De Margerie" with 172,600 cubic metres of capacity had lifted a cargo for Novatek's Yamal LNG plant from the Port of Sabetta in the Russian Arctic and was delivering its shipment to an Asian customer.

Carrier reached Bering Strait in 11 days at 9.6 knots speed

Bering Strait

"For the first time ever, Russian LNG has been transported across this route in January," said Sovcomflot, noting the vessel reached Cape Dezhnev on January 16.

Having reached the Bering Strait in 11 days with an average safe speed of 9.6 knots, the "Christophe de Margerie" was subsequently followed by a similar LNG tanker, the 172,600 cubic metres capacity "Nikolay Yevgenov", owned and operated by Teekay LNG, was currently completing its own independent passage along the NSR.

Both LNG carriers will deliver around 140,000 tonnes of LNG produced at the Yamal LNG plant.

"The total time of cargo delivery by this route is 40 percent shorter than the traditional route through the Suez Canal," added Sovcomflot, referring to the route via Western Europe and the Mediterranean.

The successful NSR passage proves that during the autumn-winter navigation season, commercial cargo shipping across the Eastern part of the Russian Arctic becomes possible for an additional one or two months.

"This voyage is yet another step towards the year-round, safe navigation along the full length of the NSR," added Sovcomflot.

"This will also help realise Russia's plans to grow NSR cargo traffic and further unlock the route's transit potential," stated the fleet owner.

Simultaneously, another Arc7 ice-class LNG tanker, the 172,600 cubic metres capacity carrier "Nikolay Zubov", travelling in the opposite direction to the port of Sabetta after offloading its LNG cargo, entered the westbound ice route along the NSR on January 6 and subsequently reached the Ob Bay on January 17.

The "Nikolay Zubov" is owned by Greek shipping company Dynagas.

All three of the Arc7 ice-class LNG tankers independently passed the ice-covered part of the NSR, without ice-breaker support, along the navigational routes recommended by the State Research Centre, the Arctic and Antarctic Research Institute, and the Marine Operations Headquarters of Russia's Atomflot.

Sovcomflot said that the "Christophe de Margerie's" with its double action hull design, sailed stern-first for about 66 percent of the steaming time, to overcome ice hummocks.

LNG firm Novatek builds small-scale portfolio in Europe while awaiting new Arctic fleet

Russian natural gas company Novatek, the nation's largest liquefied natural gas developer in the Arctic region, has also been building up the customer base of its small-scale Cryogas-Vysotsk plant on the Baltic Coast while making progress on assembling a shipping fleet for the Arctic LNG II project under construction on the Gydan Peninsula of northern Siberia.

Novatek owns 51 percent of the Cryogas-Vysotsk liquefaction plant, which began operations in 2019, and the other stakeholder is Gazprombank, the financial arm of pipeline gas and LNG company Gazprom.

The facility operates in the Baltic port of Vysotsk, located about 160 kilometres northwest of the city of St. Petersburg, supplying Russian customers as well as small-scale users in Scandinavian and Europe.

The plant has output capacity of 660,000 tonnes per annum of LNG and other infrastructure includes 42,000 cubic metres capacity storage tank as well as a loading terminal to handle small-scale and medium-scale carriers with capacities of up to 30,000 cubic metres.

Novatek said that in a period of just over a year Cryogas-Vysotsk carried out more than 200 small-scale LNG carrier loadings for deliveries to customers in Finland, Sweden, Lithuania, the Netherlands, Estonia, Poland and Spain.

The plant also registered 1,200 truck-loadings during the period for deliveries to off-grid customers and fuel station operations in the Russian domestic market around the region of Murmansk.

"Cryogas-Vysotsk has a broad and diverse geography of customers as this important project serves the entire Baltic region clean-burning natural gas needs amid tightening environmental requirements for marine and automotive fuels," said Novatek Chairman Leonid Mikhelson.

As regards its large-scale LNG plants, including Yamal LNG and the under-construction project Arctic LNG II, Novatek said a steel-cutting ceremony had taken place at the Zvezda Shipyard in the Russian Far East for a new Arc7 ice-class LNG carrier to transport cargoes for Arctic LNG II.

Arctic LNG II will produce 19.8 million tonnes per annum of LNG as well as gas concentrate from the principal feed-gas resources, the Utrenneye gas fields, adding to the existing Yamal facility's annual output of 17.5 MTPA.

The Russian company holds 60 percent of the Arctic LNG II project and four other 10 percent stakes are shared between various shareholders.

The 10 percent holdings belong to French major Total, which is also a shareholder in the Novatek company, China National Petroleum Corp., China National Offshore Corp. and a Japanese investor group comprising Mitsui & Co. and the government institution, the Japan Oil, Gas and Metals National Corp.