LNG Unlimited

LNG JOURNAL PUBLICATION 25 May 2021

Thai energy CEO improves energy options with LNG and gas fields

PTTEP's Phongsthorn Thavisin announced second gas discovery amid LNG expansion

LNG News Editor

Kulintang-1 well adds to Thai discovery portfolio for PTTEP during Malaysia exploration campaign

Thailand's energy exploration and production company PTTEP, a shareholder in Mozambique LNG, has announced a second successive natural gas discovery at a field in Malaysian waters offshore Sarawak as the nation also aims to expand LNG imports because of growing power and industrial demand.

PTT E&P Public Company (PTTEP), which has a 8.5 percent stake in the currently suspended Mozambique onshore LNG export joint venture being developed by French major Total, said the discovery was a second one at the Kulintang-1 field in Block SK438, off Sarawak, the Malaysian state on the island of Borneo.

Successes

The discovery is the latest of PTTEP's continued exploration successes in Malaysia.

PTTEP Chief Executive Phongsthorn Thavisin said in a statement on May 19 that PTTEP had started the drilling campaign at the Kulintang-1 well in March 2021.

The well was then successfully drilled to a total depth of 2,238 metres in April 2021. PTTEP expects to drill another exploration well in this block in the second quarter of 2021 following the two discoveries.

Block SK438 is adjacent to Blocks SK405, SK309 & SK311, SK314A, all of which are operated by PTTEP, with existing facilities nearby.

PTTEP said the location provided an advantage for the future, including the potential for cluster development.

"The Kulintang-1 well adds to the consecutive discoveries PTTEP has made this year which demonstrates our significant exploration progress in Malaysia," said the PTTEP CEO.

"The discovery highlights our strong partnership with Malaysia's Petronas and continuous efforts in applying new techniques and interpretation to identify opportunities in mature areas," explained Phongsthorn.

"We are determined to explore further and make more oil and gas discoveries in Malaysia to serve future energy demand," he stated.

Block SK438 is located in the shallow waters, approximately 108 kilometres off the coast of Bintulu in Sarawak.

PTTEP is the operator with 80 percent participating interest while the Petronas Carigali Group holds the remaining 20 percent.

Major projects in PTTEP's portfolio in Malaysia include the producing assets in Blocks K, SK309, SK311 and the Rotan field in Block H producing feed gas for a floating LNG hull.

Petronas, the world leader in FLNG output, said in January 2021 its second liquefaction hull, the "PFLNG Dua", had entered production and confirmed that PTTEP had debuted as an equity LNG producer.

PTTEP had purchased its stake in the Rotan gas field and other Malaysian assets from Murphy Oil, the US exploration and production company, in 2019 for $2.12 billion.

PTTEP is also a joint investor with PTT, through the PTT Global LNG Company, in the Malaysian LNG Train 9 at the liquefaction and export plant at Bintulu in Sarawak.

Thailand is at the same time opening up its own LNG import market, handing out six LNG import licences to power and industrial operators after PTTEP parent PTT had been the only Thai importer.

LNG imports

The new LNG importers will be accommodated by the expanded capacity at the Map Ta Phut LNG import terminal in Rayong province that has been operating since 2011.

PTT has completed several expansions at Map Ta Phut with the most recent from 10.7 MTPA capacity to 11.5 MTPA.

A second regasification terminal adjacent to Map Ta Phut and called Nong Fab LNG is expected to be completed in 2022 with total additional regasification capacity of 7.5 MTPA. ■

UNLIMITED AGENDA

Stena unit awarded contract by Delta Offshore LNG project around Mekong Delta of Vietnam

LNG News Editor

Stena Power and LNG Solutions was awarded the contract by Singapore-based Delta Offshore Energy to provide front-end engineering and design for using Stena's jetty-less LNG transfer and regasification system for an import and power project planned for Bac Lieu province in Vietnam's Mekong Delta.

Delta Offshore proposes to employ Stena's Jetty-less Floating Terminal (JFT) and Self-Installing Regas Platform (SRP) to assist in providing 3,200 megawatts of gas-fired power from LNG imports into the Bac Lieu province of southern Vietnam.

Licensing

A technology license agreement had previously reached between Stena Power & LNG in August 2020 for Delta Offshore to use the proprietary jetty-less technology.

"The FEED agreement is pivotal in our service provision to Delta Offshore for this important, large-scale energy infrastructure project in Vietnam," said Svein Hellesmark, Chief Technology Officer of the Norway-based subsidiary of the Gothenburg, Sweden-headquartered Stena Group.

Stena's Jetty-less Floating Terminal and Self-Installing Regas Platform to assist in providing gas-fired power

"Our Jetty-less LNG-to-Power technology has been created to meet demand for more flexible LNG import and export terminals, such as is required for the hugely exciting Bac Lieu LNG-to-Power Project," added Hellesmark.

"At Stena we offer innovative, integrated solutions across the LNG value chain. Our wide-ranging activity in the sector also includes new-building project support, ship management and marine engineering, all underpinned by our ethos that gas should always travel first class," he stated.

The Stena units, the Jetty-less Floating Terminal (JFT) and Self-installing Regas Platform (SRP), will be located about 40 kilometres (25 miles) off the Vietnam coast.

Stena said that the FEED contract would include detailed model testing to ensure optimum performance with the environmental conditions in the Mekong Delta.

Bobby Quintos, Managing Director of Delta Offshore, said he now regarded the Stena equipment as "key components" his company's LNG-to-power project in Bac Lieu.

"They allow us to position the LNG receiving terminal offshore, and thereby to minimize the project's impact on land and on the coastline of Bac Lieu," explained Quintos.

"This is a benefit of great value to the province because the coast sustains shrimp farms, mangroves and salt beds, all of which are important to the regional economy and environment," he added.

"Our ethos at Delta is to provide power for progress, and the JFT and SRP will help us do so in an efficient and economical manner," declared Quintos.

US LNG data shows price decline after winter peak but with all global demand regions served

The US Department of Energy has just published its latest liquefied natural gas export data with the average overall price for the six plants declining to just over $6.00 per million British thermal units, though shipments were delivered to a total of 27 nations in the reporting month.

The DoE data showed 96 cargoes were delivered in March 2021 versus 65 in February 2021 during the Texas freeze-up when shipments were fewer than the 75 shipment dispatched in March 2020.

US cargo prices in March declined to an average of $6.01 per million per MMBtu compared with $6.27 per MMBtu in February 2021, at the export points, according to the DoE May 2021 LNG report.

The Sabine Pass plant remained the volume leader in March 2021 with its five Trains on stream and supplying 35 cargoes, followed by Corpus Christi and Freeport with 19 each, Cameron LNG with 15, Cove Point seven and Elba Island one.

Overall price

Shipments from the Cove Point plant in Maryland cost the most for March 2021 at $7.09 per MMBtu and for the year-to-date $6.55 per MMBtu. The year-to-date total average for all six plants was $5.71 per MMBtu.

The average prices for each of the five other plants (from the export point) from highest to lowest in March 2021 were: Freeport LNG (Texas) $6.28 per MMBtu ($6.08, Feb), Cameron LNG (Louisiana) $6.25 per MMBtu ($7.86, Feb), Elba Island in Georgia $5.90 per MMBtu ($6.78, Feb), Sabine Pass (Louisiana) $5.77 ($5.66, Feb) and Corpus Christi (Texas) $5.60 per MMBtu ($5.81, Feb).

Notable cargoes shipped from the facilities on the Gulf Coast included three to China from Cheniere's Sabine Pass and four to the UK.

Asia supplies

The Sabine Pass cargoes to China were delivered on the 174,000 cubic metres capacity carrier "GasLog Gladstone", the 154,950 cubic metres capacity vessel "GasLog Singapore" and the 173,400 cubic metres capacity "Woodside Charles Allen".

Cheniere's Corpus Christi plant in Texas delivered two cargoes to Taiwan on board the 138,060 cubic metres capacity "BW GDF Suez Boston" and the 180,000 cubic metres capacity vessel "Prism Agility".

Among the shipments from Sempra Energy's Cameron plant in Louisiana, three were delivered to Japan on the 165,000 cubic metres capacity carrier "Diamond Gas Orchid", its sister ship the "Diamond Gas Sakura" and the 177,000 Cubic metres capacity vessel, the "Marvel Heron".

Freeport LNG in Texas had the most varied mix of March cargos sent to Greece, Israel, Croatia, Italy, Spain, Japan, Brazil, Pakistan, South Korea, China and France.

Japan's METI stops spot LNG price publishing

Japan, the world's No. 1 liquefied natural gas importer, has stopped releasing monthly spot LNG prices contracted for or delivered to Japan that had been in force for seven years under the powerful Ministry of Economy, Trade and Industry (METI) and after being brought in to monitor price surges.

"We have achieved our original aim of investigating the distribution situation in the LNG market," said an official from the commerce division of the METI, which published the prices every month.

The ending of the Japanese LNG spot price indicators came without warning and involved just a posting on the Web site saying: "We discontinued making Spot LNG Price Statistics in March 2021 (publishable on May 14, 2021)," said the statement.

The METI, backed by the Finance Ministry, started publishing the prices in March 2014 over concerns about the overall impact of LNG imports on the Japanese economy and on its trade balance after the Fukushima disaster of March 2011 and the increase in LNG requirements to replace nuclear power generation that was mostly shut down.

The first METI price published for March 2014 said: "The average price of spot-LNG imported into Japan that is contracted in March 2014 is US$18.3 per MMBtu."

The argument was that publishing the prices acquired from traders would bring more transparency to the market.

A regular price is still published by US pricing agency Platts for North Asia spot cargoes, called the Japan-Korea Marker (JKM), and is widely referenced in the market.

Indian LNG imports jump in April from much lower prior-year base

LNG News Editor

The Dahej LNG import terminal located north of Mumbai

Indian liquefied natural gas imports jumped by more than 45 percent in April from a much lower figure in April 2020 caused by last year's drop in economic activity after the appearance of the Covid-19 pandemic.

LNG import for the month of April 2021 leaped by 45.2 percent to 1.96 million tonnes, or around 29 cargoes, versus 1.35MT in April 2020 when the effects of the pandemic pushed down industrial demand.

Deferrals

However, the pandemic has worsened in India over the past month and energy executives say several May and June 2021 LNG cargoes have been deferred for later delivery.

LNG shipments to India for the month of March 2021 had come to 2.20MT, or around 33 cargoes, which was just 0.1 percent higher than the 2.19MT received in March 2020.

Imports for the whole fiscal year from April 2020 to March 2021 had amounted to 24.31MT, a decline of 3 percent compared with the 25.07MT imported in the previous fiscal year.

The LNG bill for the 12 months of the fiscal-year to the end of March had come to $7.4 billion compared with $9.5Bln in the same period of 2019-2020.

LNG deliveries to India come mainly from Qatar, which provides over one-third of volumes, as well as West Africa, the US, Asian nations, Australia and the spot market.

The Indian Ministry of Petroleum and Natural Gas data also showed that domestic natural gas production in April 2021 jumped by almost 23 percent to 2.65 billion cubic metres versus 2.16 Bcm in April 2020.

New gas production has come on stream in the Krishna-Godavari Basin in eastern India from projects involving the Indian group Reliance Industries and UK major BP.

That's as India's seventh import facility is on track for commissioning at Jaigarh Port, south of Mumbai in Maharashtra state in the form of a chartered floating storage and regasification unit (See Page 5).

Japan's imports fall on lower spot and Middle East cargo deliveries

Japan's liquefied natural gas imports declined last month for a second month with drops in volumes from the Middle East, Australia and the spot market being partly offset by deliveries from Asian neighbours, Russia and the US.

The April 2021 shipments amounted to 4.97 million tonnes, or around 73 cargoes, which was 4.3 percent lower that the 5.19MT received in April 2020, according to the preliminary trade figures from Japan's Ministry of Finance.

The March 2021 imports had come to 7.12MT, or around 104 cargoes, which was a decline of 1.1 percent on March 2020 when they had amounted to 7.20MT.

Deliveries to Japan in February 2021 had surged to a near monthly record of 8.06MT, or 118 cargoes, a total of 21.5 percent higher than in February 2020.

Japan's shipments in April 2021 cost 218.29 billion yen ($2.00Bln), a drop of 19.1 percent on the 269.82Bln ($2.47Bln) spent in April 2020 when volumes were also less.

LNG competes mainly with thermal coal for power generation in Japan, while the nation's nuclear power generation was still at a very low level.

Japan's thermal coal imports in April 2021 came to 7.69MT, a fall of 15.4 percent on the shipments received in April 2020. Nuclear power generation in Japan is still much reduced to just a handful of reactors on line compared with the 50 units operating in 2011.

Asia's April LNG cargo deliveries to Japan from nations such as Malaysia and Indonesia, Papua New Guinea and Brunei amounted to 1.21MT, a rise of 22.8 percent on the volumes received in March 2020 when Covid-19 impacts were being felt in the economy.

Middle East shipments from countries like Qatar and Oman dropped in April to 514,000 tonnes, which was 22.3 percent lower than in April 2020.


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NEWS NUDGES

Angola LNG combination

UK energy major BP and Italy's Eni have signed a non-binding memorandum of understanding to progress detailed discussions on combining their upstream portfolios in the southwest African nation of Angola, including all their oil, gas and LNG interests. "The companies believe that combining their efforts in a new joint venture company would bring significant opportunities for them to jointly boost future developments and operations in Angola," they said. Eni and BP have informed the Angolan Government of their intention. "Any final transaction will be subject to relevant governmental, regulatory and partner approvals," they added.

LNG for India plants

French major Total will supply ArcelorMittal Nippon Steel (AMNS) steel and power plants in India with up to 500,000 tons of liquefied natural gas per annum until 2026. The LNG will be sourced from Total's global portfolio and offloaded at either the Dahej or Hazira LNG import terminals on the West Coast of India.

Sonatrach in Equinor deal

Algerian state energy company Sonatrach, operator and of the Arzew and Skikda LNG export plants on the Mediterranean Coast, has signed a new cooperation accord with Equinor of Norway to consider opportunities in the fields of oil and natural gas exploration and production, new technologies and operational performance relating to hydrocarbons.

Seventh Indian LNG facility at Jaigarh will import 4 MTPA amid plans for trucking-loading and bunker expansion

LNG News Editor

H-Energy CEO Darshan Hiranandani outlines strategy

H-Energy of India, whose chartered floating storage and regasification unit (FSRU) is currently deployed as the seventh LNG Indian import terminal at the West Coast port of Jaigarh in the state of Maharashtra, said the facility would be importing up to 4 million tonnes per annum by 2022 and more after that for truck-loading and bunkering.

H-Energy Chief Executive Darshan Hiranandani said in a press interview that the Jaigarh facility, the "Höegh Giant" FSRU, would be able to supply between 2.0 MTPA and 2.5 MTPA from 2022 in addition to a further 1.5 MTPA as part of various one-year term commitments.

Expectations

"We expect that from 2022 we will be able to deliver just shy of 4MT in total," said Hiranandani in an interview with US pricing agency Platts.

The FSRU has been chartered by H-Energy for a 10-year period and it will deliver regasified LNG to the Jaigarh-Dabhol pipeline, which connects the terminal to the national gas grid.

The CEO stated that the group also planned to have one of the largest LNG trucking terminals in India at Jaigarh.

"We are hoping that our LNG trucking capability will grow to 2.0 to 2.5 MT following the (next) phased expansion," he explained.

"As the country moves to LNG vehicles, we will have the ability to supply to natural gas filling stations," added the CEO of H-Energy.

The company is part of the Hiranandani Group, which has expanded into energy from real estate investment in Dubai in the United Arab Emirates.

Hiranandani stated that the Jaigarh terminal would also deliver LNG for onshore distribution, as well as have the capacity to provide LNG bunkering at Indian ports from small-scale vessels.

The Indian CEO also commented on the impact from the second wave of the Covid-19 pandemic on the nation's natural gas and fuel markets.

He believed that the crisis is "unlikely" to cause a big fall in overall annual demand for natural gas as the industrial sector was still operating, unlike in 2020 when industries had shut down during the national lockdown.

"Gas demand for public transport has come down but that has been taken over by demand from private cars and taxis," said Hiranandani.

"In addition, exports of both oil and non-oil commodities are booming because the world economy is restarting. Therefore, cement, iron ore, everything is booming. We may see demand abating for a short while but not the kind of impact we saw last year," declared the CEO in the Platts interview.

> "As the country moves to LNG vehicles, we will have the ability to supply to natural gas filling stations"
>
> *- Darshan Hiranandani, CEO, H-Energy*

The "Höegh Giant" is the first FSRU to operate in India and with affiliated onshore facilities will firstly deliver natural gas to the 55-kilometres Jaigarh-Dabhol pipeline.

The FSRU was built in 2017 and has a storage capacity of 170,000 cubic metres and peak regasification capability of 750 million standard cubic feet per day to handle up to 6 MTPA of LNG.

H-Energy additionally has proposed the development of an onshore terminal in the second phase able to handle 8 MTPA of cargoes.

The commissioning of the "Höegh Giant" at Jaigarh will give India 48.5 MTPA of regasification capacity.

India's calendar-year LNG imports for 2020 moved above the 25MT mark to 26.63MT, according to data from the International Group of Liquefied Natural Gas Importers (GIIGNL). This was a rise of 11 percent.

The volume of deliveries in 2019 came to 23.98MT, after rising 7.1 percent from the 22.42MT received in 2018.

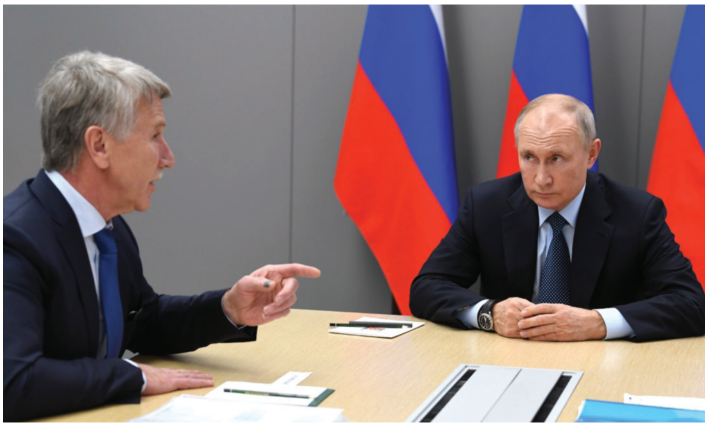
LNG deliveries to India come mainly from Qatar, which provides over one-third of volumes, as well as West Africa, the US, Australia and the spot market.

Novatek expects early completion of Arctic LNG plant while Gazprom acknowledges US surge

LNG News Editor

Novatek Chief Executive Leonid Mikhelson said after meeting Russian President Vladimir Putin in Moscow that all three liquefaction Trains at the Arctic LNG II plant were scheduled to come on stream in a two-year time span from 2023.

"The launch of the first Train is planned for 2023, the second in 2024, and the third Train in 2025," said the Novatek CEO.



Novatek CEO Mikhelson with Russia's President Putin

Advanced

Mikhelson's statement beings forward by one year the start-up date of Train three to 2025 from 2026.

The CEO added that the company was discussing plans with ice-breaking shipping companies Rosatom and Rosatomflot for year-round navigation along the Northern Sea Route from 2023 eastwards from Russia to LNG buyers in North Asia.

The Arctic LNG II joint venture 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 Novatek Yamal LNG facility's annual output of 17.5 MTPA.

The new Arctic plant is being constructed on the Gydan Peninsula and involves the installation of three gravity-based structures in the Gulf of Ob in Western Siberia and related LNG storage facilities of a combined 687,000 cubic metres capacity. Novatek holds 60 percent of the Arctic LNG II project and four other 10 percent stakes are shared between various shareholders, including French major Total and Chinese and Japanese companies.

A separate statement from the largest Russian natural gas company, Gazprom, stated that the United States became the largest supplier of LNG to the European market in the first quarter of 2021, overtaking Qatar.

"Thanks to a significant increase in associated gas production and the construction of new LNG plants in recent years, the United States became the first supplier of LNG to the European market in terms of volume, supplying 7.4 billion cubic metres," said Gazprom.

The US volumes in the first three months of 2021 amounted to the equivalent of 5.76 million tonnes of LNG, or around 85 cargoes.

The Russian report said Qatar's LNG supplies to Europe, in turn, fell by 3.1 Bcm, or 39.3 percent, to 4.7 Bcm or 3.47MT of LNG.

At the same time, Gazprom said its natural gas exports by pipeline outside the former Soviet Union from the start of January to May 15 had increased 26.7 percent year-on-year to 76 Bcm.

Gazprom said its natural gas production for the four-and-a-half month period had risen to 201.3 Bcm, a jump of 15.4 percent. ■

Chart makes investment in German fuel tech firm

Chart Industries, the US industrial gases company and LNG equipment supplier which this year logged an order from New Fortress Energy for its "Fast LNG" liquefier vessel, has completed a minority investment in German clean-energy firm Cryomotive GmbH.

Chart said its investment amounted to €6.5 million ($7.9M) and offers a contribution to develop Cryomotive's storage and refuelling technology.

"Cryomotive is a leading green-tech mobility start-up in Germany developing a disruptive clean hydrogen storage and refueling technology platform focused on compressed cold hydrogen and cryogenic high-pressure storage," explained Chart.

The German company has its headquarters in Grasbrunn, near Munich, in southern Germany.

Cryomotive and Chart's development and supply partnership is aimed at enabling Cryomotive to leverage its proprietary technology jointly with Chart's established position in the refueling and hydrogen station market.

"This investment in and commercial agreement with Cryomotive adds another option for our customers looking at renewable fuel sources and another near-term application for our liquid hydrogen pump," stated Jill Evanko, Chart's Chief Executive and President.

"Cryomotive's strong hydrogen commercial relationships in Germany, Japan and China, in particular, with vehicle manufacturers, brings us access to more commercial opportunities for our hydrogen equipment," added Evanko.

GTT to supply LNG fuel tanks for 12 more CMA CGM newbuilds

LNG News Editor

French maritime storage technology company GTT has been chosen to design the fuel tanks of 12 new liquefied natural gas-powered container vessels ordered from China by the global CMA CGM shipping group based in the French port of Marseille.

GTT said that CMA CGM aims to have a fleet of 44 LNG-fuelled container ships by 2024.

'CMA CGM Champs Elysees' equipped with GTT fuel tank

Volumes

The LNG fuel tanks will be the GTT Mark III membrane containment system and will be able to load 14,000 cubic metres of LNG.

The 12 vessels will be delivered between the last quarter of 2023 and the third quarter of 2024.

The construction contracts for the CMA CGM newbuilds has been given to the Chinese shipyards, Hudong-Zhonghua Shipbuilding and Jiangnan Shipyard Co.

Each of the Chinese yards will build six vessels able to carry between 13,000 and 15,000 twenty-foot equivalent units of containers.

The order for the six 15,000 TEU vessels completes the order of five similar container vessels signed in June 2019 with the Jiangnan Shipyard.

"After nine container vessels ordered in 2017 and five in 2019, the choice of GTT technology is confirmed by CMA CGM for the liquefied natural gas propulsion of its vessels," explained Philippe Berterottière, Chairman and Chief Executive of GTT.

"Participating in the decarbonisation of maritime transport alongside the CMA CGM Group and our partners Hudong-Zhonghua Shipbuilding and the Jiangnan Shipyard is a source of great pride for GTT and its teams," added Berterottière.

The French-flagged CMA CGM containership line is the market leader in LNG-powered vessels.

Teekay LNG boosts profits and revenues on charter demand

Teekay LNG Partners, whose gas group units own, charter or have stakes in 77 vessels, including 47 liquefied natural gas carriers and 30 liquefied petroleum gas or multi-gas vessels, reported a first-quarter net profit following a loss in the year-ago period as voyage revenues also jumped.

First-quarter net income attributable to partners and preferred unit holders swung to a profit of $87.59 million from a loss of $32.90M in the prior-year period.

Voyage revenues increased 9 percent in the first quarter to $152.80M versus the $139.88M in the in the same three months of 2020.

"Results were positively impacted by operational claims under the Partnership's charter contracts, lower repairs and maintenance expenses and lower net interest expense during the first quarter of 2021," said the company.

"These increases were partially offset by redeployment of certain LNG carriers at lower rates and unscheduled off-hire for repairs," added Teekay.

Teekay said it secured three LNG charters during March and April 2021, increasing the Partnership's LNG fleet to 98 percent fixed for the remainder of 2021, and 89 percent fixed for 2022.

"The strength of our fixed-rate LNG contract portfolio was evident again this quarter as Teekay LNG continued to generate strong earnings and cash flows even as the broader spot LNG shipping market declined from the high levels experienced during the recent winter period," said Mark Kremin, President and Chief Executive of Teekay Gas Group Ltd.

"This decline was short-lived, however, as LNG demand rebounded counter-seasonally in late-March and into the second quarter of 2021," added Kremin.

"We were able to take advantage of this strength by chartering out three LNG vessels, including one on a 12-month spot market-linked contract that allows us to achieve full utilization of the vessel while also retaining upside to strong markets," stated the CEO.

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Japex takes $400M hit to exit Canadian Montney shale-gas previously part of Petronas venture

LNG News Editor

Japan Petroleum Exploration Co., the oil and gas operator with liquefied natural gas import terminal and Japanese pipelines assets, has agreed to cut losses and sell its stake to Malaysia's Petronas in the Canadian North Montney shale-gas joint venture.

The Petronas Canadian subsidiary is the operator of the North Montney project in British Columbia that was purchased as part of the Malaysian company's LNG project ambitions, now focused on the Royal Dutch Shell-led LNG Canada project at Kitimat.

The Japex Soma LNG terminal in Fukushima Prefecture

Montney experience

"Japex had participated in the North Montney project and had proceeded with a feasibility study of the LNG project in addition to the shale-gas development and production," explained the Tokyo-based company.

"Even after the decision not to proceed with the LNG project in July 2017, due to changes in the business environment, Japex had been working with Petronas and its partners to maximize the value of the North Montney project," it added.

However, Japex noted that it had embarked on a medium-term business plan to improve the profitability of its exploration and production unit.

"The environment surrounding the E&P business is expected to become even more severe due to the prolonged effects of Covid-19 since early last year, including the structural changes and the accelerating global decarbonization," it explained.

Therefore, Japex decided to sell its 10 percent interest in the North Montney project to Petronas for an undisclosed sum.

As a result of this transaction, Japex stated that it expected to record an extraordinary loss of around C$493 million ($407M) for exiting the Canadian venture.

Japex E&P projects continue in nations like Indonesia and in the UK sector of the North Sea, where it is involved in oil.

Japex additionally owns a network of 800 kilometre of high-pressure gas pipeline in Japan to supply local gas distributors companies, power plants and industrial customers.

The Japex supplies come from its domestic gas fields and regasified LNG from import terminals.

The company's own Soma LNG import terminal in Fukushima Prefecture started commercial operations in March 2018.

The Soma facility comprises 230,000 cubic metres capacity of storage as well as loading facilities for trucks and two jetties for LNG carriers and domestic coastal vessels.

This terminal receives LNG cargoes and feeds the regasified LNG into the Soma-Iwanuma Gas Pipeline.

Volumes are also shipping to the Yufutsu LNG receiving terminal at Tomakomai-city on Hokkaido island by small-scale carriers.

Japex says the stability of natural gas supply along its pipelines is further improved by connecting the Japan Sea side and the Pacific Ocean side via the Niigata-Sendai Gas Pipeline, which is the Japex gas main line. ■

Woodside formally exits dormant Kitimat project first proposed by Chevron but keeps shale assets

Woodside Petroleum, the West Australian-based operator of the North West Shelf and Pluto LNG export plants, has decided to exit its 50 percent non-operated participating interest in the proposed Kitimat LNG (KLNG) development, located in British Columbia and previously more advanced than the LNG Canada joint venture.

The exit will include the divestment or wind-up and restoration of assets, leases and agreements covering the 480-kilometres Pacific Trail Pipeline route and the site for the proposed LNG export plant at Bish Cove near Kitimat.

However, Woodside will retain a position in the prolific Liard Basin upstream natural gas resources in northeast BC. Feed-gas for the Kitimat liquefaction plant would have come from the 322,000 net acres of resources in the Horn River and Liard Basins of northeast BC.

KLNG had once been a potential rival project to LNG Canada now being built with the Coastal GasLink Pipeline by shareholders comprising Royal Dutch Shell, Japan's Mitsubishi Corp., Petronas of Malaysia, Chinese major PetroChina and Korea Gas Corp.

Woodside said it would work with its Kitimat joint venture partner Chevron Corp, itself the operator of the Gorgon LNG and Wheatstone LNG plants in Western Australia, to protect asset value during the exit. Chevron announced its plan to divest its own 50 percent interest in KLNG in December 2019.

Woodside said the costs associated with the decision to exit KLNG are expected to impact Woodside's 2021 net profit by around US$40 million to US$60 million.

These costs will be excluded from underlying net profit for the purposes of calculating the dividend.

Woodside Acting Chief Executive Meg O'Neill said exiting KLNG would allow Woodside to focus on the successful delivery of higher value opportunities in Australia and offshore Senegal in West Africa.

O'Neill was referring to the Sangomar oil project in Senegal with preparations under way for a forthcoming offshore drilling campaign in mid-2021.

Woodside is also ramping its engineering and procurement activities for the Scarborough gas field offshore Western Australia that will provide additional LNG output at the Pluto plant and underpin the Burrup Peninsula gas hub.

"Following Chevron's decision to exit KLNG and subsequent decision in March 2021 to cease funding further feasibility work, Woodside undertook a comprehensive review of our options for the project and our wider development portfolio," O'Neill explained. ■