LNG Unlimited

LNG JOURNAL PUBLICATION 20 July 2021

Kuwait onshore LNG will have cargoes from Qatar and the US

Fast-track expansion is Already taking place with four more storage tanks taking the total to eight

LNG News Editor

Kuwait terminal with four completed tanks and four being built in project run by Hyundai Engineering of Korea

Kuwait Integrated Petroleum Industries Co. (KIPIC) has unloaded its first liquefied natural gas shipment at the Arab state's onshore Al-Zour import terminal, the largest in the Middle East, and constructed to provide fuel and power to the refining and petrochemicals industries.

KIPIC said the Al Zour terminal received its first shipment from Qatar and that has now been discharged.

Reclamation

The LNG facility is located about 16 kilometres (10 miles) from Kuwait's border with Saudi Arabia and about 90km south of the capital Kuwait City.

The first phase of the Al-Zour project can handle 11 million tonnes per annum of LNG and has four storage tanks, each of 225,000 cubic metres of capacity, already completed.

A further four storage tanks are also near completion in the fast-track second phase of development when import capacity will increase soon to 22 MTPA.

KIPIC said a second Qatari shipment was on its way to the Al-Zour terminal as full commissioning proceeds.

The Kuwait engineering, procurement, construction and commissioning contract for the Al-Zour terminal included the reclamation of the seven-million-cubic metres sea.

Kuwait already has a 15-year contract with Qatar Petroleum to buy 3 million tonnes per annum of LNG for the Al Zour terminal.

Kuwait additionally plans to buy another 3.5 MTPA from the open market or through short-time contracts.

Until now, Kuwait has imported LNG via a floating storage and regasification unit (FSRU) at the dockside of Kuwait's Mina Al-Ahmadi port. The FSRU has been in operation since 2009.

The Kuwaiti onshore terminal was constructed by a consortium led by Hyundai Engineering Co. of South Korea, though building activities had been delayed by the Covid-19 pandemic.

The experienced Hyundai H&C had a hand the expansion of three South Korean terminals, Pyeongtaek, Tongyeong and the Samcheok facility.

While the terminal was developed by KIPIC, it is owned by national oil and gas company Kuwait Petroleum Corp.

Oil exporter Kuwait is also focussing on ramping up its own natural gas production as part of its economic growth strategy through to 2040.

The use of LNG in the Middle East is forecast to expand by around 50 percent through 2025, with most of the increase coming from Kuwaiti demand.

Kuwait's domestic natural gas requirements are increasing in line with other Middle East nations and it is already receiving additional deliveries from suppliers such as the US exporters on the Gulf Coast of Louisiana and Texas.

The Gulf Arab economies are among the world's biggest oil consumers on a per capita basis, in part because of the heavy use of crude in their electricity grids.

Analysts note that the state of Kuwait, like the other Gulf Cooperation Council members, is embarking on an ambitious path of economic growth fuelled by more domestic natural gas use and less oil utilization.

Several of Kuwait's neighbours are also trying to phase out oil from their power markets, including Saudi Arabia. They are also turning to renewable projects and hydrogen development.

At the same time they must focus on building up their petrochemical and oil exports industries to monetize their resource heritage for the good of their citizens. ■

Sonatrach-led Medgaz expansion to provide latest surge for southern European natural gas market

LNG News Editor

Algerian links to Europe and blue line is Medgaz Pipeline

Naturgy Group of Spain, the utility with LNG deliveries from both the US and Russia, has confirmed with Algerian oil and gas company Sonatrach that the expansion project on the Medgaz natural gas pipeline from Algeria to Spain would start operations in the fourth quarter of 2021.

The announcement to boost natural gas supplies to Southern Europe followed a meeting in the Algerian port of Oran between Naturgy Chairman Francisco Reynés and his Sonatrach counterpart Toufik Hakkar.

Spanish boost

When the Medgaz expansion comes on stream it will transport 25 percent of the natural gas consumed in Spain and strengthen the strategic relationship between the two companies.

"Medgaz celebrates a decade of continuous operations in 2021, confirming the strategic value of this infrastructure for a secure supply to Spain," said a statement.

Naturgy is also an LNG importer and has 20-year agreements for US cargoes from Cheniere Energy and from the Yamal LNG plant in Arctic Russia operated by natural gas company Novatek.

The Spanish company's LNG supply portfolio also includes shipments from nations like Algeria, Qatar, Nigeria and Norway.

The company additionally owns a small fleet of LNG carriers.

Naturgy holds a strategic 24.5 percent of the Medgaz pipeline and Sonatrach owns 51 percent after purchasing the 19.1 percent stake owned by Spanish oil and gas and refining group Cepsa in May 2020.

The third minority shareholder is New York-based global equity fund BlackRock.

The expansion work on Medgaz is costing $90 million to complete and will add 2 billion cubic metres per annum to supply, taking the total to 10 Bcm.

The 757-kiometres long Medgaz pipeline runs via Beni Saf in Algeria to Almeria in southern Spain and is one of two supplying Algerian gas to the Spanish mainland, the other being the Maghreb-Europe Gas Pipeline from the Hassi R'mel field through Morocco to Cordoba in Spain.

"Launching the expanded capacity of the gas pipeline also strengthens the strategic alliance between Naturgy and Sonatrach," said both companies.

Naturgy Chairman Reynés stated that this infrastructure "strengthened the security of the natural gas supply" to Spain.

"After a decade, Medgaz is a success in terms of operations and our collaboration with our strategic partner Sonatrach," he added.

Sonatrach is the owner and operator of the gas pipeline from the Hassi R'Mel gas fields to Beni Saf on the Algerian Coast, where it connects with the Medgaz line. ■

US Questar Pipelines part of Warren Buffett entry into LNG fails to complete on FTA issue

Dominion Energy, the US utility and former operator of the Cove Point LNG export plant in Maryland, has agreed to terminate the planned sale of Questar Pipelines to the Warren Buffet company Berkshire Hathaway Energy.

Dominion stated that the decision was a result of ongoing uncertainty associated with achieving clearance for the Questar Pipelines portion of the deal from the Federal Trade Commission under antitrust laws.

"Termination of the sale, effective July 9, 2021, was a potential outcome provided for in the (original) agreement to sell Questar Pipelines," explained Dominion.

"The decision has no impact on the sale of gas transmission and storage assets to Berkshire Hathaway Energy completed in November 2020," Dominion added.

"That sale represented approximately 80 percent of the original transaction value," stated Dominion.

Dominion said it would start a competitive process for the sale of Questar Pipelines, with a target close of year-end 2021.

Cove Point produces around 5.2 million tonnes per annum from a single Train and has tolling agreements with Gas Authority of India and Sumitomo Corp. and Tokyo Gas of Japan.

A July 2020 deal between Dominion and Berkshire Hathaway was valued at $9.7 billion and included gas transmission and gas storage assets as well as the Cove Point stake, which gave the Buffett company operatorship of the LNG export plant.

The Buffett company said at the time it was acquiring the Cove Point plant as it was one of only a limited number of LNG export facilities in the US.

Business tycoon and philanthropist at the same time, Buffett was concluding his first big acquisition since 2015 and it happened to be in the natural gas and LNG business.

Buffett is considered one of the most successful global investors and has a net worth of around $90Bln, making him one of the wealthiest people in the world.

Dominion now intends to enter into a 364-day term loan and will use the proceeds from the loan to repay the approximately $1.3Bln transaction deposit made by Berkshire Hathaway Energy.

Dominion added that the loan was expected to be repaid by year-end 2021 with proceeds from the sale of Questar Pipelines to an alternative buyer.

Berkshire Hathaway Energy unit, BHE GT&S, is an interstate natural gas transmission and storage company headquartered in Richmond, Virginia, that became a standalone subsidiary of Berkshire Hathaway Energy in November 2020.

It operates more than 5,500 miles of transmission line and 760 Bcf of underground storage capacity in the eastern US, along with gathering, processing and field services businesses. ■

LNG firm Toyo signs accord for new FPSOs

Toyo Engineering Corp. of Japan, an expert in gas processing projects and LNG import terminals, is discussing an engineering alliance with Japanese offshore platform construction company MODEC to maintain stable global oil and gas supplies in the years ahead.

Toyo said the alliance had been discussed by its President and Chief Executive Haruo Nagamatsu and his counterpart at MODEC Takeshi Kanamori.

Toyo's past projects include building processing plants for LNG feed gas in Qatar and Indonesia and constructing India's largest LNG import terminal at Dahej, while MODEC is a world leader in Floating Production Storage and Offloading (FPSO) units.

"We have executed a memorandum of understanding to enter into discussions and to conduct a feasibility study regarding the alliance in the Engineering, Procurement, Construction and Installation (EPCI) business for FPSOs," said a statement.

"Subject to the result of the discussion and feasibility study, the business alliance also contemplates the establishment of a joint venture company by the end of 2021," they added.

The aims of the alliance include Toyo and MODEC working together so that they could make more "cost competitive" tenders.

They could additionally enhance their engineering and project management capabilities, their organizational structure and handle multiple large projects at the same time.

"Potential demand for FPSOs is expected to remain consistent with global demand for oil and gas, and development of new projects is also expected to proceed steadily," they said.

New Fortress follows Sri Lanka FLNG deal with power venture

LNG News Editor

NFE FLNG terminal will supply Yugadanavi power plant

New Fortress Energy of the US has followed up its agreement to develop a floating LNG facility offshore the port of Colombo in the Asian nation of Sri Lanka by signing an accord to jointly develop a 350 megawatts gas-fired power plant.

NFE signed a memorandum of understanding with Lakdhanavi Limited (LTL), a private company in Sri Lanka, to jointly develop the power plant at the Kerawalapitiya power complex supplying Colombo, the capital.

Acceleration

"This partnership builds on our efforts to accelerate Sri Lanka's transition to cleaner, cheaper energy," said Wes Edens, Chairman and Chief Executive of NFE.

"This development will further advance the introduction of natural gas and add additional modern power infrastructure," added Edens.

LTL was previously awarded a 20-year power purchase agreement (PPA) from the Government of Sri Lanka through a competitive tender to provide electricity to the national grid.

NFE said on July 8 that it had signed a framework agreement with the Government of Sri Lanka to build an offshore LNG receiving, storage and regasification terminal to supply gas to the existing 300 MW Yugadanavi power plant at Kerawalapitiya.

"New Fortress will utilize this same LNG terminal to also supply natural gas to this new 350 MW power plant," it explained.

NFE said the MOU was non-binding on the parties and actual terms of any future definitive agreements may differ.

However, New York-based NFE has yet to disclose design aspects of its Sri Lankan offshore terminal.

NFE is also currently starting LNG import projects during July and August in Mexico and Nicaragua.

The LNG for Mexico is set to be provided by a conventional vessel arriving at the port of Pichilingue at the southeast tip of the peninsula that forms the Mexican state of Baja California Sur.

Australian operator Woodside posts surge in LNG revenues

Woodside Petroleum, the operator of two liquefied natural gas export plants in Western Australia, posted 63 percent higher second-quarter revenues of US$1.32 billion compared with US$805 million in the same period last year as Asian LNG demand surged and prices increased.

Woodside's LNG sales from its one-sixth North West Shelf plant stake and from its own Pluto LNG facility came to US$959M in the second three months of 2021 compared with the US$608M logged in the same period of 2020.

The company said its realised prices for LNG in the second quarter came to $7.10 per million British thermal units compared with $5.00 per MMBtu in the same quarter of 2020 and versus $6.90 per MMBtu in the first quarter of 2021.

Second-quarter sales revenues, including LNG, oil, condensate and liquefied petroleum gas was US$1.28Bln versus US$1.21 in the first three months of 2021.

Woodside Acting Chief Executive Meg O'Neill said higher realised prices in the second quarter of 2021 helped underpin a 15 percent rise in sales revenue compared with the first three months of the year.

"Revenue from oil sales during the period was higher than the first quarter, supported by an above-market average realised price of $75/barrel, while revenue from LNG sales climbed 14 percent," O'Neill explained.

"Lower oil production due to scheduled maintenance activities and adverse weather impacts was partly offset by a strong quarterly performance at Pluto, which achieved 97 percent reliability," added O'Neill.

She declared that "solid progress" has been made towards a final investment decision in the second half of 2021 on the offshore Scarborough gas field in Western Australia to provide feed gas for the Pluto LNG Train 2.

Woodside is also offering stakes in the project and is looking at overall project costs.

"We have launched the formal sell-down process for up to 49 percent of our equity in Pluto Train 2," said O'Neill.

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 BRIEFS

Shell LNG charters

Shell Tankers (Singapore) has signed agreements for a further six LNG ships with Knutsen LNG, Pan Ocean Co. and investors advised by JP Morgan Asset Management, taking the Anglo-Dutch major's signed charter agreements for newbuild LNG carrier to a total of 24 vessels. The 174,000 cubic metres capacity carriers will be built by Hyundai Heavy Industries and Hyundai Samho Heavy Industries. Deliveries will be made from 2023. Shell said this order builds on the long-term charters Shell announced for eight ships of the same class in December 2019, six in August 2020 and four in December 2020.

Qatar-Korea agreement

Qatar Petroleum and Korea Gas Corp., the South Korean utility and energy company, have signed a 20-year sale and purchase agreement for the supply of 2 million tonnes per annum of LNG to Korean terminals for a period of 20 years. The agreement was signed in the Qatari capital Doha between Saad Sherida Al-Kaabi, President and Chief Executive of Qatar Petroleum, and Hee-Bong Chae, the President and CEO of Kogas.

Charter rates drop

Shipping spot charter rates for LNG carriers declined by around $7,000 per day in the past week in the West of Suez market to be between $67,000 per day and $63,000 per day for vessels of 155,000-165,000 cubic metres capacity. For vessels East of Suez spot charter levels were also lower on the week by around $4,000 per day at between $55,000 per day and $51,000 per day, according to London brokers.

The BP Statistical Review of World Energy enters 70th year with LNG and oil supply and demand trends

LNG News Editor

BP is expanding the Indonesian Tangguh LNG plant

UK major BP has issued the 70th edition of its Statistical Review of World Energy, highlighting global energy trends including LNG, the pipeline natural gas sector, oil and renewables and their recovery path from the Covid-19 pandemic and the oil price crash.

Inter-regional gas trade dropped by 5.3 percent, completely accounted for by a 54 Bcm, or 10.9 percent, fall in pipeline trade.

LNG growth

"LNG supply grew by 4 Bcm, or 0.6 percent, well below the 10-year average rate of 6.8 percent," said the BP report.

US LNG supply expanded by 14 Bcm, or 29 percent, though this was partially offset by declines in most other regions, notably Europe and Africa.

"European gas imports fell by over 8.5 percent last year. The gas-on-gas competition in Europe takes the form of pipeline imports, predominantly from Russia, competing against LNG imports largely from the US as the marginal source of LNG," said the 72-page Review from BP.

"As LNG imports have increased in recent years it has raised the question of the extent to which Russia and other pipeline gas exporters will compete against LNG to maintain their market share or instead forgo some of that share to avoid driving prices too low," the UK major's report explained.

On the pricing front, BP noted that natural gas prices declined to multi-year lows with the US Henry Hub averaging $1.99 per million British thermal units, the lowest since 1995.

Asian LNG prices also tumbled in the form of the Japan Korea Marker, which registered its lowest annual average of $4.39 per MMBtu since it was launched in 2009 by US pricing agency Platts.

BP's report showed that natural gas consumption fell by 81 Bcm, or 2.3 percent.

"Nevertheless, the share of gas in primary energy continued to rise, reaching a record high of 24.7 percent," said BP.

Declines in gas demand were led by Russia, down 33 Bcm, and US demand fell 17 bcm.

The largest increases in natural gas demand were logged by China at 22 Bcm and by Iran with 10 Bcm of additional needs.

Oil market

In the oil market, linked to long-term LNG cargo prices and the economics of development projects, the North Sea Brent crude price averaged $41.84 per barrel in 2020, the lowest since 2004.

Refinery utilization also fell by a record 8.0 percentage points to 74.1 percent, the lowest level since 1985.

> "The gas-on-gas competition in Europe takes the form of pipeline imports, predominantly from Russia..."
>
> *- Statistical Review of World Energy, BP*

BP reported that oil consumption fell by a record 9.1 million barrels per day, or 9.3 percent, to its lowest level since 2011.

Oil demand fell most in the US, down 2.3 million b/d, the European Union, down by 1.5 million b/d and India where the market declined by 480,000 b/d.

China was virtually the only country where consumption increased with a jump of 220,000 b/d.

Global oil production shrank by 6.6 million b/d, with the Organization of Petroleum Exporting Countries accounting for two-thirds of the decline. The largest OPEC declines came from Libya, down 920,000 b/d and Saudi Arabia, down 790,000 b/d.

The biggest non-OPEC falls were in Russia where output declined by 1.0 million b/d and the US, down 600,000 b/d.

Overall global energy demand is estimated to have fallen by 4.5 percent in 2020.

The drop in oil consumption accounted for around three-quarters of the total decline in energy demand.

Natural gas showed greater resilience, helped primarily by continuing strong growth in China.

Despite the market disorders of 2020, renewable energy, led by wind and solar energy, continued to grow, increasing last year by 238 gigawatts.

Elba Island LNG owner Kinder Morgan acquires Stagecoach Gas Services storage and pipelines

LNG News Editor

Kinder Morgan Inc., the US pipeline giant and key shareholder in the LNG export plant in Georgia and the Gulf LNG project in Mississippi, has completed the $1.22 billion acquisition of Stagecoach Gas Services, a natural gas pipeline and storage joint venture with assets serving the Marcellus Shale basin and northeast utilities.

The previous owners of Stagecoach Gas Services were Consolidated Edison Inc. and Crestwood Equity Partners.

Kinder bought natural gas storage in northeast of US

Assets

The Stagecoach assets include four natural gas storage facilities with a total working gas capacity of 41 billion cubic feet certified by the Federal Energy Regulatory Commission.

The network acquired comprises FERC-regulated natural gas transportation pipelines with multiple interconnects to major interstate pipelines, including Tennessee Gas Pipeline (TGP), a KMI subsidiary.

"We're pleased to add this well-positioned natural gas infrastructure to our portfolio of natural gas assets and provide additional services to our customers in the Northeast," said KMI's President of Interstate Natural Gas Pipelines Kimberly S. Watson.

"Natural gas continues to play a vital role as both a low-emission fuel source and as a backstop to intermittent renewable power generation," added Watson.

The assets also include the North-South MARC I pipelines to support customers in Bradford, Sullivan and Lycoming counties in Pennsylvania and Tioga county in New York with 2.9 billion cubic feet per day of delivery capacity.

The customers include Marcellus Shale producers, northeast gas and electric utilities, marketers and power generators.

Houston, Texas-based KMI noted the transaction required regulatory approval.

The new system acquired by Kinder Morgan in addition to connecting to the TGP is also linked to the Millennium and Transco pipelines.

Kinder Morgan itself is a shareholder through a subsidiary in the Elba Island LNG liquefaction and export plant in Georgia and has a stake in the currently dormant Gulf LNG export project near Pascagoula in the state of Mississippi.

A KMI joint venture with EIA Global Energy Partners is a 49 percent partner in the Elba Island plant and owns the liquefaction units and other ancillary equipment.

Certain other facilities associated with the Georgia facility are 100 percent owned by KMI.

The plant near the city of Savannah is supported by a 20-year contract with Royal Dutch Shell and the Anglo-Dutch major holds 100 percent of the liquefaction capacity.

KMI is additionally a key supplier of feed gas to US LNG export plants in Louisiana and Texas as well as pipeline natural gas export flows to Mexico.

The acquisition agreement covers the Stagecoach, Steuben, Seneca Lake and Thomas Corners storage facilities with 41 Bcf of capacity and with an injection rate of 423 million cubic feet per day and a withdrawal rate of 845 million cubic feet per day.

Inpex gets a cargo of carbon-neutral to Japan

Inpex Corp. of Japan has become the first oil and gas company to deliver a "carbon-neutral" liquefied natural gas cargo to an import terminal it owns and lifted from a liquefaction plant it operates.

Inpex said the shipment was delivered to its own Naoetsu LNG import terminal in Joetsu City in Niigata Prefecture and lifted from the Inpex-operated Ichthys LNG export plant in Australia's Northern Territory.

The shipment from Australia marked Inpex's first offtake of "carbon-neutral" LNG, which is produced like other LNG.

The "carbon-neutral" cargo was delivered to the Naoetsu terminal on board the 145,395 cubic metres capacity carrier, the "Symphonic Breeze".

"The carbon footprint of the LNG shipment was offset using carbon credits in an arrangement with the Ichthys major partner TotalEnergies," explained Inpex.

"The credits were applied to greenhouse-gas emissions across the project's entire natural gas supply chain including upstream production, liquefaction, transportation, regasification, marketing and combustion by customers in Japan," it added.

Inpex stated that the shipment of "carbon-neutral" LNG received at the Naoetsu terminal would be supplied as "carbon neutral" natural gas to Inpex's customers in Japan.

Inpex is considering importing more "carbon-neutral" cargoes in the future, although it is unknown when the company will offtake a second such cargo.

Inpex has signed a sales and purchase agreement with distribution company and dedicated "green" company Kiryu Gas Ltd for "carbon-neutral" shipments.

Indian city of Nagpur opens first commercial LNG filling station

LNG News Editor

A company in Nagpur, one of the main cities in the western Indian state of Maharashtra, has set up the nation's first commercial liquefied natural gas filling station for LNG-powered vehicles.

The LNG station is owned by Shree Baidyanath, an Indian group specializing in medicines, food and cosmetics distribution and making its first foray into the energy sector.

Indian Transport Minister Gadkari encouraged owners

Inaugurated

The first Indian LNG station open to the public was inaugurated in Nagpur on July 11.

It is located on the outer ring road towards Dighori and can serve LNG-powered cars, trucks or buses.

At present, four of India's LNG import terminals have truck-loading stations for contracted customers, but cannot service random members of the public.

"This is the first-ever in the country to operate on a commercial basis," said Subbarao Vaddadi, director of B-LNG, the fuel division of the Baidyanath group.

Baidyanath's branching out into LNG was supported by the Indian Transportation Minister Nitin Gadkari, who is also a member of parliament in New Dehli for the City for Nagpur.

The Minister was looking for local companies to come forward and set up the LNG station and the Baidyanath group agreed to invest in the project.

"The station is operational and can take 60 vehicles a day for the pump to operate feasibly," said B-LNG's Vaddadi.

The Baidyanath group said it also had plans to convert 120 vehicles in Nagpur, including buses and trucks, to run on LNG.

The company said that LNG is being promoted as a cleaner alternative to diesel and the price of the LNG fuel at the Nagpur station would be lower than the current market price to encourage uptake of LNG fuel for transport.

Novatek reports operational results with decline in overseas LNG sales

Novatek, the operator of the Yamal LNG export plant and developer of the Arctic LNG II project in northern Siberia, reported preliminary second-quarter operating results, including a 7.8 percent increase in natural gas output to 19.95 billion cubic metres.

Novatek's overall hydrocarbon production rose 6.5 percent compared with the same three months of 2020 to total 156.6 million barrels of oil equivalent (boe), including 3.1 million tons of liquids comprising gas condensate and crude oil.

The company's LNG volumes sold on international markets amounted to 2.39 Bcm, representing a decline of 3.2 percent compared with the 2020 quarter.

Natural gas volumes sold in the Russian Federation came to 15.31 Bcm, an increase of 6.1 percent.

"Total natural gas sales volumes, including volumes of LNG sold, aggregated to 17.70 Bcm, representing an increase of 4.7 percent," added Novatek.

"The decrease attributable to volumes sold on international markets was mainly due to the decrease of Yamal LNG shareholders' share, including Novatek's share, of LNG volumes sold on the spot market, and a corresponding increase in Yamal LNG direct sales under long-term contracts," the company explained.

Yamal is a joint venture liquefaction and export plant with Novatek holding 50.1 percent, TotalEnergies 20 percent, China National Petroleum Corp. 20 percent and China's Silk Road Fund 9.9 percent.

The project is located on the Yamal Peninsula, above the Arctic Circle, and utilizes the resources of the South Tambey natural gas field.

Yamal has nameplate output of 17.5 million tonnes per annum from three Trains and with a fourth smaller Train producing 900,000 tonnes a year.

At the end of June 2021 Novatek said it had 0.8 Bcm of natural gas, including LNG, and 628,000 tons of stable gas condensate and petroleum products in storage or transit and recognized as inventory.

In the second quarter and first half 2021, Novatek said it processed 3.1 million tons and 6.2MT respectively of unstable gas condensate at the Purovsky Processing Plant, representing an increase in processed volumes of 11.2 percent and 11.0 percent versus the 2020 periods.

Learn more at www.ChartLNG.com
LNG@ChartIndustries.com

CHART®
Cooler By Design.™

Gladstone LNG assets raise US$750M for major TotalEnergies from sale to US equity fund

LNG News Editor

TotalEnergies has completed a transaction in Australia with the US equity fund Global Infrastructure Partners in relation to the downstream facilities of the Gladstone LNG project in Queensland for a sum of more than US$750 million.

The downstream assets are owned by TotalEnergies subsidiary Total GLNG Australia (TGA).

Santos-operated Gladstone plant on Curtis Island

Transaction

"As part of this transaction, GIP will receive a throughput-based tolling fee calculated on TGA's share of gas processed through the downstream facilities over a period of 15 years," explained TotalEnergies.

TGA retains full control and ownership of its 27.5 percent interest in the Gladstone LNG downstream joint venture. "We have worked closely with GIP to achieve this infrastructure transaction and are happy of this first collaboration with such an experienced infrastructure partner," said Jean-Pierre Sbraire, Chief Financial Officer at TotalEnergies.

"This monetization of infrastructure assets contributes to focusing further TotalEnergies' capital on core producing assets," he added.

The Gladstone LNG plant, operated by Adelaide-based Santos, is one of three coal-seam-gas to-LNG ventures on Curtis Island near the port of Gladstone.

The other GLNG project partners are Malaysian oil and gas company Petronas and Korea Gas Corp.

The integrated LNG project consists of CSG gas wells producing feed gas from the Fairview, Arcadia, Roma and Scotia fields, located in the onshore Bowen-Surat Basin in Queensland.

The GLNG plant and the neighbouring Shell-operated Queensland Curtis facility and the ConocoPhillips-run Australia-Pacific plant ship cargoes to Asia, mainly China, South Korea and Japan.

The GLNG project includes pipeline transportation of the CSG over a distance of around 400 kilometres to the liquefaction plant.

The plant, which has been on stream since 2015, consists of two Trains with a total nameplate capacity in excess of 7.8 million tonnes per annum.

Tellurian's slow pace to FID allows exit from TotalEnergies deals after Vitol-Gunvor sales

Tellurian Inc., developer of the Driftwood liquefied natural gas plant in Louisiana, has terminated stock and LNG purchase agreements with French major TotalEnergies after signing newer supply deals with global commodities firms Vitol Inc. and Gunvor Group.

TotalEnergies had been one of the first companies to come forward and offer investment in the Driftwood project, which will include a liquefaction plant with around 27 million tonnes per annum of output.

However, in May and June 2021 Tellurian signed 10-year sale and purchase agreements (SPAs) to sell 3 MTPA LNG each to both Vitol and Gunvor.

"The Total agreements were terminated because they are not consistent with the commercial agreements that Driftwood has reached with other counterparties," said Tellurian in a filing to the US Securities and Exchange Commission. The first common stock purchase deal was signed with TotalEnergies, when it was still named Total, on April 3, 2019 pursuant to which Total had agreed to purchase, and Tellurian had agreed to issue and sell in a private placement to Total, around 19.87 million shares of Tellurian common stock.

This share sale was subject to the satisfaction of certain closing conditions. Tellurian also ended an "equity capital contribution agreement" dated July 10, 2019 between the company and TotalEnergies.

The Houston, Texas-based company's initial accord with an affiliate of TotalEnergies, Total Gas and Power, was for the right to purchase from Tellurian Trading around 1.5 MTPA on a free-on-board basis at prices linked to the Japan-Korea Marker price for spot cargoes.

One of the conditions of the TotalEnergies deal was for Tellurian to make a final investment decision to build the liquefaction plant within 24 months of the July 10, 2019, agreement, which has not happened.

"The contribution agreement principally governed the terms of Total's proposed investment, subject to the satisfaction of certain closing conditions," explained Tellurian.

"As a result of the terminations, the counterparts of the Partnership Agreement, the LNG SPA, that were executed and delivered into escrow by Total automatically terminated," added Tellurian.

The signing of the Vitol and Gunvor deals helped Tellurian's shares to jump by about 300 percent in 2021.

Tellurian shares had risen to their 2021 high of $5.22 per share on June 8 after the Gunvor and Vitol deals before falling back to $4.44 per share on July 13. The shares hit lows of around $1.72 per share on April 12, 2021 when there were no new deals on the horizon.

Tellurian finalized its second LNG supply deal at the start of June 2021 with Vitol after previously signing another agreement in late May with Vitol's market trading rival Gunvor.

Tellurian's SPAs with Vitol and Gunvor are for volumes indexed to a combination of two indices, the JKM and the European benchmark Dutch Title Transfer Facility (TTF), each netted back for transportation charges.

Tellurian said after the deals that at today's prices, each of the SPAs with Vitol and Gunvor are valued at around $12 billion in revenue over 10 years for the Gulf Coast venture.

The Driftwood plant's engineering, procurement and construction contract has already been agreed with Bechtel Inc., the leading global builder of LNG export facilities.

The project also signed a long-term lease in June 2021 securing the site to build the plant on the west bank of the Calcasieu River, just south of Lake Charles.