LNG Unlimited

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TC Energy buoyed by Mexican gas surge and Canadian LNG

Demand grows across backbone system in the heart of Mexico with investments planned

LNG News Editor

Canadian company's natural gas Mexican pipeline projects

TC Energy Corp. of Canada, the North American pipeline natural gas supplier including for two LNG export projects in British Columbia, said it intended to unlock a wealth of untapped demand in Mexico, where it already has major operations.

"As demand across our backbone system in the heart of Mexico continues to emerge, future in-corridor expansions will be driven by building new laterals and interconnects to industrial and commercial end-users, by expanding our existing pipelines to meet demand, and by de-bottlenecking our existing infrastructure," said Stanley Chapman, TC Energy's president for US and Mexican natural gas pipelines, at the company's annual investor day.

Investment

These three opportunity sets could generate a combined C$1 billion (US$784M) to C$2Bln (US$1.56Bln) of new capital investments by 2025.

François Poirier, TC Energy's President and Chief Executive, said the aim of the Calgary, Alberta-based company was to be the premier energy infrastructure company in North America, now and in the future.

"It is becoming more challenging to develop greenfield linear infrastructure and the value of existing assets particularly for those who have the ability to undertake corridor expansions will increase," stated the CEO, referring to the pipeline corridor TC Energy owns from Hardisty in Alberta to the US Gulf Coast.

"Our portfolio of high-quality, long-life energy infrastructure assets is performing very well as evidenced by the record financial results we are on course to deliver in 2021," said the CEO.

TC Energy said its C$29Bln (US$22.7Bln) of secured capital projects were underpinned by strong industry fundamentals as well as cost-of-service regulation and long-term, take-or-pay contracts.

The company's Coastal GasLink project bringing supplies from the Montney basin in northeast BC is set to supply the LNG Canada and later the Cedar floating LNG ventures near Kitimat.

On the LNG Canada project, TC Energy said its CGL pipeline was connecting Western Canadian Sedimentary Basin gas resources to the world.

"Together with the LNG Canada liquefaction facility, CGL represents the first direct path for Canadian gas to reach global markets, as the largest private sector investment in Canadian history," said CEO Poirier.

TC Energy envisages the supply of 2 billion cubic feet per day of natural gas for LNG Canada exports.

It was noted that the focus has also turned to Mexico as well as LNG feed gas because the Mexicans are facing dramatic natural gas shortages, partly caused by production declines in projects run by state oil and gas company Petróleos Mexicos (Pemex).

"The larger opportunity lies in the potential to build a new offshore pipeline to currently undersupplied regions of Mexico such as the Yucatán, which is facing growing demand for gas, and to which Mexico's President has expressed a desire for a new pipeline to be built," added Chapman in his presentation.

The Yucatán natural gas pipeline project could cost more than C$4Bln in capital investment.

Chapman stated that TC Energy was maintaining a low-risk, take-or-pay model In Mexico backed by long-term US dollar-denominated contracts with the Mexican state power utility, the Comisión Federal de Electricidad (CFE).

"Our five operating pipelines now transport about 25 percent of the natural gas consumed in the country, providing a critical link between US gas supplies and key demand markets across Mexico," explained Chapman.

■

UNLIMITED AGENDA

Australian Port Kembla project signs charter for Höegh LNG FSRU for nation's first regas facility

LNG News Editor

Australian Industrial Energy, a company controlled by billionaire businessman Andrew Forrest, has signed a long-term charter deal with Höegh LNG for a floating storage and regasification unit (FSRU) to operate at Port Kembla, south of Sydney.

Under the agreement, the FSRU vessel "Höegh Galleon", the newest FSRU in Höegh LNG's fleet, will serve the terminal.

Site lease

A site lease for up to 25 years has already been signed with New South Wales Ports for the Port Kembla project.

While Australia is the world's largest LNG exporter about 80 million tonnes per annum of shipments being made into the Asia-Pacific region, Australian states like NSW, Victoria and South Australia are short on gas resources.

FSRU vessel 'Höegh Galleon' will be deployed in Australia

AIE said construction had already started for the berth facilities at Port Kembla, and the terminal was expected to be operational by mid-2023, making it the first project of its kind in Australia.

In addition, AIE and Höegh LNG have agreed to collaborate on the future design and development of a new generation FSRUs capable of receiving clean fuels which can be used as part of "future green energy" supply chains.

Chairman of AIE Andrew Hagger said the agreement with Höegh LNG supported AIE's vision to actively resolve the energy crisis on the East Coast and accelerate the use of clean energy fuels.

"With the phasing down of Australia's fossil fuel industry already underway, the terminal will be critical to ensuring hundreds of thousands of Australian businesses and households avoid supply shortfalls from 2023 onwards," stated Hagger. Richard Tyrrell Chief Development Officer at Höegh LNG, said the company was excited by the potential to support Australia's first natural gas import terminal, providing the market with resilience and security of supply.

"We share AIE's clean energy vision and look forward to working together on the next generation capabilities that will ensure that the Port Kembla Energy Terminal remains at the forefront of the energy transition," added Tyrrell.

The site lease was signed in November 2020, just after AIE's subsidiary Squadron Energy bought Japanese investors out of the Port Kembla venture.

The former partners were the world's largest LNG purchaser, JERA Co. Inc. of Japan, and the Japanese trading house Marubeni Corp. ■

LNG leader Australia plans natural gas security to 2040 with new gas Basins as well as pipelines

Australia, the world's largest LNG exporter, plans to secure natural gas resources out to 2040 and beyond under a new energy plan to open up four new onshore Basins for the domestic market and to boost investment in new pipelines and infrastructure.

"The National Gas Infrastructure Plan (NGIP) supports a strategic approach to gas infrastructure investment over the next 20 years and aims to guide industry to priority areas that need to be addressed to avoid a supply shortfall," stated Energy Minister Angus Taylor in presenting the plan.

"This will ensure our domestic gas prices remain internationally competitive. The United Kingdom and Europe have experienced price increases over 400 percent in recent months due to gas shortages," the Minister pointed out.

"The Government cannot sit back and allow that to happen here. Australian prices have remained 60 percent to 70 percent lower than prices in Asia and Europe even in light of this major energy shock," stated Taylor.

"Unlocking basins and getting gas to where it is needed will support our job-creating industries. Our focus on gas and energy security has helped to grow our manufacturing sector, which is now at more than 1 million jobs - levels not seen since 2009," he declared.

Under the NGIP, new basins will need to be brought online before 2030 to meet projected demand on the East Coast and elsewhere.

"Critical basins to unlock out to 2030 include the Narrabri gas project (New South Wales), the Beetaloo sub-basin (Northern Territory), the Galilee basin (Queensland), and the North Bowen basin (Queensland)," said the statement.

"Strategic expansions to existing pipeline capacity and the construction of entirely new pipelines will be needed to transport gas supplies to East Coast markets," according to the text of the plan.

"Expanded transportation capacity from north to south is required as northern supply expands and southern supply declines," said the policy outline.

The Government also stated that it would implement priorities in the NGIP through what it calls the Investment Framework, "which lays out the principles for potential Government support" for spending on gas infrastructure.

The Government of Prime Minister Scott Morrison is also calling on industry to contribute to a new Expression of Interest (EOI) process to identify critical projects that require support to accelerate delivery.

"The EOI seeks submissions on critical mid-stream gas infrastructure projects that meet both the priorities identified in the NGIP and the principles of the Investment Framework," added the statement.

The Australian Pipelines and Gas Association said it was delighted with the plan that secured the nation's energy needs with the NGIP and the Future Gas Infrastructure Investment Plan.

Economic necessity

APGA Chief Executive Steve Davies said gas was the second largest source of energy in Australia and demand was not forecast to decline for more than a decade, so ensuring reliable supply was crucial to future prosperity.

"Natural gas is a major source of energy to the Australian economy," added Davies.

"It currently provides 27 percent of end use energy which is more than electricity and second only to liquid fuels," he declared. ■

GasLog to make four fleet additions

GasLog, the Greek LNG shipping company, is expanding its fleet by ordering four newbuild 174,000 cubic metres-capacity for delivery in 2024 and 2025.

GasLog Ltd is ordering the vessels from South Korea shipyard Daewoo Shipbuilding and Marine Engineering.

The four newbuilds will have latest generation M-type Electronically Controlled, Gas Injection (MEGI) propulsion system.

GasLog completed a merger in June 2021 with BlackRock's Global Energy and Power Infrastructure division and delisted its common shares from the New York Stock Exchange.

The GasLog's ownership structure has three main shareholders in both companies, parent GasLog Ltd and subsidiary GasLog Partners LP.

They are the Greek Livanos family with 55 percent, the Monaco-based Onassis Foundation with 12 percent and BlackRock's Global Energy and Power infrastructure fund (GEPIF), holder of 45 percent of the equity.

GasLog Ltd, whose Chairman remains Peter G. Livanos, has an LNG fleet comprising 20 vessels, 12 dual-fuel, seven tri-fuel, diesel electric (TFDE) and one steam-turbine carrier.

GasLog Ltd subsidiary, GasLog Partners LP and whose Chief Executive since August 2021 has been Paolo Enoizi, owns 15 LNG carriers, including 10 tri-fuel-diesel-electric (TFDE) ships and five steam-turbine vessels.

GasLog Partners in November 2021 reported a third-quarter increase in revenues and profits as global demand gathered pace.

Eni sells Algeria-Italy pipeline stake to LNG terminal and grid firm Snam

LNG News Editor

Italian energy company Eni has agreed to sell a minority stake in two pipelines involved in transporting natural gas from Algeria to Italy for €385 million ($435M) to Italian LNG terminal and gas grid operator Snam.

Eni said the deals involve Snam purchasing a 49.9 percent stake in the onshore gas pipelines running from Algeria to the Tunisia border and the Tunisia coast (TTPC), and the offshore gas pipelines connecting the Tunisian coast to Italy (TMPC).

"Pursuant to the agreement, Eni will contribute its entire ownership interests in the two pipelines to a newly incorporated Italian company (NewCo) in which Eni will continue to hold a 50.1 percent stake," explained the Milan-based oil and gas company.

Eni said the transaction would create synergies in the respective areas of expertise in gas transport on a strategic route for the security of the natural gas supply to Italy.

Trans-Mediterranean Pipeline to Sicily via Tunisia

"This transaction allows us to free up new resources to be used on our energy transition path, while at the same time maintaining the management of a strategic infrastructure with Snam to ensure the security of natural gas supply to the country," stated Eni Chief Executive Claudio Descalzi.

Snam CEO Marco Alverà said the deal consolidated Snam's central role in Italy's security of supply as well as in energy transport from the Mediterranean region.

Snam operates the gas grid and the onshore Panigaglia facility in the northwest near Genoa as well as having a 49 percent stake in the LNG facility, the "FSRU Toscana", which is deployed off the Italian west coast.

"Through this transaction, Snam is bridging its infrastructure towards North Africa, which represents a key area for gas supplies to Italy," added Marco Alverà.

US energy LNG majors Chevron and ExxonMobil focus on Permian

US major Chevron Corp., a key operator of LNG export plants in Australia and Africa, has reduced its capital and exploratory spending program to $15 billion, at the lower end of earlier guidance of up to $17Bln, while ExxonMobil Corp. has also modified its six-year investment plan.

"This capital program supports Chevron's objective of higher returns and lower carbon, including approximately $800 million in lower-carbon spending," said the San Ramon, California-based company at its investor day.

Chevron Chairman and Chief Executive Mike Wirth said the 2022 capital budget reflected Chevron's enduring commitment to capital discipline.

"We're sizing our capital program at a level consistent with plans to sustain and grow the company as the global economy continues to recover," stated the CEO.

Consistent with its track record of returning excess cash to shareholders, the company said it was raising its share buyback guidance range to $3Bln to $5Bln per year, versus prior guidance of $2Bln to $3Bln per year.

"We're a better company than we were just a few years ago. We're more capital and cost efficient, guided by a clear and consistent objective to deliver higher returns and lower carbon," Wirth continued.

"And this enables us to return more cash to shareholders," he added.

In Chevron's upstream business, about $8Bln is allocated to currently producing assets, including about $3Bln for Permian Basin unconventional development and $1.5Bln for other shale and tight assets worldwide.

Chevron is operator of three LNG export plants, the Wheatstone and Gorgon LNG facilities in Western Australia and the Angola plant at Soyo in southwest Africa, though no specific spending in 2022 was mentioned in the presentation.

ExxonMobil

ExxonMobil said in its investor day that projected growth in upstream cash flow and earnings were expected to result from cost reductions allowing investments in low cost-of-supply projects.

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NEWS BRIEFS

JGC given FEED award

JGC Holdings Corp., the Japanese energy and LNG projects engineer, said it was awarded a front-end engineering and design (FEED) contract, along with consortium partner Samsung Heavy Industries of South Korea, for a nearshore floating LNG facility in Malaysia for national oil and gas company Petronas. Petronas had launched a FEED competition for the FLNG project with a minimum production capacity of 2 million tonnes per annum using feed gas supplied via an existing pipeline from an offshore gas field in the Malaysian state of Sabah.

Vietnam LNG accord

Vietnamese President Nguyen Xuan Phuc and Leonid Mikhelson, Chief Executive of Russian natural gas company Novatek, held a meeting in Moscow to discuss the supply of LNG from Novatek's Arctic LNG export projects and a cooperation accord has now been signed with PetroVietnam. "Parties to the agreement intend to cooperate on LNG infrastructure projects with the view to meeting the growing demand for electricity in Vietnam," said a statement.

Teekay merger deal

Teekay LNG Partners said a special meeting of common unitholders of the Partnership voted to approve the proposed acquisition by merger of Teekay LNG by a unit of the US investment fund Stonepeak. "In addition, Teekay LNG has received all required customer approvals to complete the merger," stated Teekay. "Upon closing of the merger, Teekay LNG's common unit-holders will receive $17.00 per common unit in cash.

European LNG equipment-maker Cryostar invests in fuel dispenser

LNG News Editor

Cryostar, the liquefied natural gas equipment maker, whose products for vehicle filling stations are meeting rising demand from a widening network in Europe and North America, has launched a new fuel dispenser.

The Cryostar brand is currently seen in over 200 LNG and compressed natural gas (CNG) stations as competition among product manufacturers and station builders increases.

Cryostar pumps undergoing an endurance test at centre

Dispenser launch

Cryostar said it had now launched a new Dispenser 3.0 product after listening the feed-back from customers.

"Continuous improvement of our products has always been key to maintaining our position as a technological leader in the LNG refueling station market," explained Philippe Heisch, LNG Solutions Sales Manager.

"Every comment made by users, operators, or maintenance staff is an opportunity to reconsider our equipment and feed the continuous improvement process," explained Heisch. In addition to fuel dispensers and other station products, Cryostar also offers a full range of cryogenic pumps, decompression turbines, underground and above-ground natural gas liquefaction units, as well as boil-off gas compressors and LNG vaporizers.

Heisch said the Dispenser 3.0 has many new features, including a sleek design, a multilingual, interactive touch screen and animations to explain the step-by-step process of refuelling a vehicle, including connecting the nozzles, venting, refuelling, and disconnecting.

Other adjustments include the control buttons being positioned at a more comfortable 45°, the filling position is located in front of the control screen while still allowing the user to visually monitor the refuelling process.

Cryostar is additionally investing €15 million in a new test and assembly building beside the Hésingue headquarters site in the Haut-Rhin department (Alsace region) of northeast France.

The new 1,600 square metres building is expected to be completed by the third quarter of 2022 and testing programmes will begin in late 2022 or early 2023.

Nordic LNG supplier Gasum names Mika Wiljanen as the new CEO

Gasum, the Finnish state-run natural gas company and leading Nordic LNG supplier, has named Mika Wiljanen as the new Chief Executive in succession to Johanna Lamminen, who stepped down after seven years in the post.

After Lamminen's departure the Gasum board had put Kai Laitinen, Gasum's Chief Financial Officer, in charge of the company as Interim CEO.

Now the board has named Wiljanen, aged 56, to be CEO from March 1, 2022.

Wiljanen has served as CEO of St1 Oy since 2010 and has driven that company towards renewable energy solutions.

"In addition, he has a long track record in international senior management tasks in the energy industry, including time at Shell," said the Gasum statement.

Gasum owns a network of small-scale Nordic LNG terminals and is involved in bunkering in northwest Europe while owning an expanding chain of LNG fuel stations for vehicles and supplying industry with clean fuel alternatives.

The company has declared that LNG remained the most environmentally friendly fuel in maritime transport and other sectors and meets all current and upcoming requirements.

Wiljanen said he was "really excited" to have the opportunity to build Gasum's next phase as CEO leading the company's "committed and skilled" people.

"Mika's long, international career and strong track record in developing companies in different market areas convinced the Board that he is the right person to take Gasum's strategy forward," declared Elina Engman, the board Chair.

"Looking ahead, Gasum aims to respond to growing demand for gas and biogas in industry, maritime and road transport, and to provide our customers with solutions to reduce their climate impacts," added Engman.

South American nation of Colombia studies Cartagena LNG expansion to meet demand

LNG News Editor

Promigas, the utility company in the South American nation of Colombia, said it was studying a boost in regasification capacity at its Cartagena floating LNG import terminal on the Caribbean Coast to meet increasing demand.

Promigas, based in the Caribbean coastal city of Barranquilla, has a 51 percent equity stake in the consortium that operates the Cartagena terminal, with the remainder held by the Dutch global tank storage company Royal Vopak.

The facility consists of jetty and onshore infrastructure

Co-owners

Vopak, which is also a co-owner of the Gate LNG facility in Rotterdam, purchased a stake two years ago in the Cartagena terminal.

The Dutch company also owns 60 percent of the Mexican Gulf Coast onshore LNG import terminal at Altamira.

The Colombian facility consists of an LNG jetty, onshore infrastructure and 9.2 kilometres of gas pipeline connecting to the national gas grid. "Technical studies are underway to determine the feasibility of expansion works, the first stage of which could begin in 2022," said Promigas.

"Based on the evaluations and considering the current and projected natural gas transportation infrastructure, we could develop the expansion in phases, aligned with transport network capacity and demand," added the company.

Completed in 2016 at a cost of US$427 million, the Cartagena terminal is served by an FSRU, the 170,050 cubic metres capacity vessel "Höegh Grace", which is on charter from Norwegian fleet owner Höegh LNG.

The terminal company holds long-term supply contracts with three gas-fired power plants.

"The plans would expand the facility's capacity to 450 million cubic feet per day by the end of 2022 and to 600 million cubic feet per day by late 2025," explained Promigas.

The proposed LNG expansion at Cartagena came after Colombia's Ministry of Mines and Energy cancelled a tender for a $700M LNG project on the nation's Pacific coast because of a lack of interest.

Analysts note that potential bidders had expressed particular concern about the project's pipeline component, given the historic socio-environmental hurdles for developers of infrastructure projects in Colombia's Pacific coastal region.

CEO departs

"Colombia is at a critical point in terms of natural gas and the time has come to make decisions," said the Promigas outgoing President Eric Flesch, referring to the proven gas reserves in the country, which are so far enough for 8.5 years of consumption.

Flesch was scheduled to step down at the start of December 2021.

The Board had previously thanked Flesch as the head of Promigas and recognized his " proactive leadership and long-term vision" for the company's operations in Colombia as well as Peru.

GTT gets Arctic tank design order from MOL

French liquefied natural gas storage technology firm Gaztranzport and Technigaz (GTT) and its South Korean shipyard partner Daewoo Shipbuilding and Marine Engineering received an order for the tank design of four new LNG carriers on behalf of the Japanese ship-owner Mitsui OSK Lines.

GTT will design the tanks of these four LNG carriers for navigation in cold temperatures, with a total tank capacity of 174,000 cubic metres per ship.

"Each tank will be fitted with the GTT's membrane containment system adapted to the extreme conditions of navigation in Arctic waters," said GTT.

The deliveries of the vessels from DSME will be staggered during 2024.

The latest orders for Japan's MOL for vessels with ARC notation were made as GGT is also expanding business in China.

The Paris-based company said in November 2021 it received an order from its Chinese shipyard partner Hudong-Zhonghua Shipbuilding for the tank design for one new LNG carrier.

The order was made on behalf of the leasing unit of China State Shipbuilding Corp. (CSSC) for a vessel also with the capacity of 174,000 cubic metres.

GTT will design the tanks of the vessel using its GTT No. 96 L03-plus membrane containment system.

The Chinese newbuild is scheduled for delivery in the first quarter of 2024.

Indonesian Tangguh LNG plant plans carbon-capture as Train 3 advances

LNG News Editor

The Tangguh LNG export plant in Indonesia in the Bintuni Bay region of West Papua province is progressing towards completion in mid-2022 of the third liquefaction amid the launch of carbon-capture plan in a gas field reservoir.

The Asian country's first carbon-capture, utilization and storage (CCUS) project is part of larger development proposal for the Tangguh gas block in eastern Indonesia operated by BP of the UK and with Asian and Indonesian partners.

BP-operated Tangguh LNG plant in West Papua

Accord

The Chairman of Indonesia's SKK Migas upstream regulatory body, Dwi Soetjipto, and BP Indonesia President Nader Zaki have signed a memorandum of understanding on the Vorwata CCUS project.

Zaki said that completion was scheduled by 2027 and, by that time an estimated 4 million metric tonnes of carbon dioxide being injected back into the Vorwata reservoir annually.

"With this project, we are attacking the energy dilemma, increasing production and also lowering emissions," said Zaki.

Tangguh is the largest natural gas production field in Indonesia with 1.4 billion standard cubic feet of gas per day and BP and the Tangguh field partners are planning to increase output to 2.1 billion standard cubic feet of gas per day.

"When the CCUS project is online, Tangguh LNG will be one of the lowest emission LNG plants in the world, added Zaki.

The Tangguh gas fields were discovered in the mid-1990s. The fields were called "Tangguh" after the Indonesian word for "resilient" and had estimated reserves of over 18.3 trillion square feet.

The six fields include one giving the name to the CCUS project, Vorwata, and the Ubadari gas field which will be further developed to provide additional feed gas.

According to current schedules, mid-2022 will see the beginning of the front-end engineering and design (FEED) process for the Ubadari field development and the Vorwata CCUS project.

Beijing Gas and China Gas sign strategic agreement ton LNG

China Gas Holdings, one of the leading non-state controlled companies in the Chinese city-gas and LNG sectors and state-backed Beijing Gas Group, have signed a strategic cooperation agreement to stabilise LNG flows to North China.

China Gas is involved in more than 640 projects in cities and towns with city-gas pipeline concessions, 32 natural gas pipeline transmission projects and over 550 LNG and compressed natural gas filling stations for vehicles.

Both companies are listed on the Hong Kong stock exchange. Beijing Gas is a subsidiary of Beijing Enterprises Holdings, the state backed company that holds 40 percent of PipeChina, the national pipelines company.

After Beijing Gas first listed its shares in 1997, it successfully transformed into an integrated public utilities company with core business covering city gas, water treatment and waste treatment.

The Beijing Gas city-gas business now covers over 47 million users with more than 470,000 kilometres of pipelines in operation.

It also engages in other businesses, including ownership of Yanjing Beer.

Beijing Gas is a key shareholder in the huge Tianjin Nangang LNG import project to be located east of the capital Beijing.

"Under the China Gas-Beijing Gas agreement, both companies will expand relevant natural gas projects beyond Beijing, explore cooperation in procurement of imported natural gas resources, construction and utilisation of urban gas storage tanks and supply of natural gas to downstream companies," said a statement.

"Furthermore, both parties have reached an understanding to cooperate in LNG emergency reserve project (including a receiving terminal, storage tanks and outbound pipelines for LNG) being developed by Beijing Gas in Tianjin Nangang," they stated.


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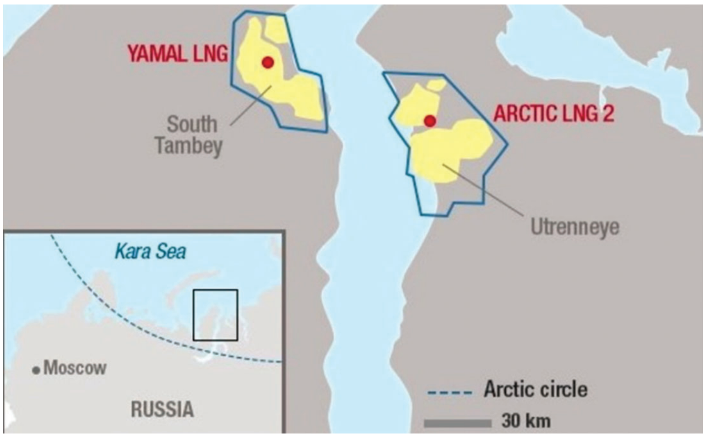
Russia expects Chinese financing deal soon for Arctic LNG project and Yamal LNG tax deals

Russia's Deputy Prime Minister Alexander Novak said he expected Chinese banks to sign financing deals for the Arctic LNG II export project already under construction on the Gydan Peninsula in northern Siberia and was also seeking the resolution of a tax dispute involving China at the Yamal LNG plant.

"In the near future, Chinese banks are to sign agreements on financing the Arctic LNG II project," said Novak in an official statement after a virtual Russian-Chinese energy business forum.



Arctic LNG II project is being built on Gydan Peninsula

Schedules

The Arctic LNG II project is being developed by Russian natural gas company Novatek and partners from China and Japan as well as French major TotalEnergies, a shareholder in Novatek.

The project envisages the construction of three processing Trains each with capacity of 6.6 million tonnes per annum.

The first Train is schedule to start up in 2023, the second in 2024 and the third in 2026.

"The total volume of external financing for the Arctic LNG II project is $21.3 billion with banks in Russia, China, Japan and Europe providing their portions," said Novak in his statement.

"On the Russian side, the project involves local banks VEB, Sberbank, Gazprombank and Otkritie," he noted.

The Novatek company holds a 60 percent shareholding in the Arctic LNG II project and four other 10 percent stakes are shared between the various shareholders.

Novatek has already concluded firm 20-year LNG Sales and Purchase Agreements (SPAs) for volumes to help in securing the financing.

The offtake arrangements have been made with all the project's participants from France, China and Japan as well as SPAs signed with market players Zhejiang Energy of China and UK-listed commodities firm Glencore Plc.

The 10 percent holdings in Arctic LNG II belong to French major TotalEnergies, China National Petroleum Corp., China National Offshore Oil Corp. and a Japanese investor group comprising Mitsui & Co. and the government institution, the Japan Oil, Gas and Metals National Corp.

Deputy PM Novak also said at the forum that China continues to raise the issue of taxation of dividends from the Yamal LNG export plant and Russia was awaiting retaliatory measures.

"The Chinese side is raising the issue of amending the agreement on double taxation. We discussed the issue at the inter-governmental commission on November 21," he added.

"The Ministry of Finance interacts with them. In general, as I understand it, the issue can be resolved if the Chinese provide appropriate preferences on a parity basis," declared Novak.

Competence

"This is the competence of the Ministry of Finance, they consider the balance between the countries, and it is necessary to look not only at the energy sector, but as a whole," explained Deputy PM Novak. ■

Gazprom profits jump as pipeline prices and volumes increase with Europe and Asia demand

Gazprom, the Russian natural gas company supplying pipeline gas to Europe and China in competition to LNG, returned to a nine-month profit after a previous loss as the value of sales more than doubled and sales of gas increased by 18 percent in volume with the start of the partial global economic recovery.

The St Petersburg, Russia-based company said that net natural gas sales to Europe and other countries jumped by 117 percent to 2.46 trillion Russian roubles ($32.9Bln) in the first nine months of 2021 compared with 1.13Trln roubles ($15.17Bln) in the same January-September period of 2020.

In volume terms the nine-month sales came to 175.7 billion cubic metres versus 154.4 Bcm in the 2020 period.

The total of gas sold in all regions and countries increased by over 13 percent to 369.8 Bcm compared with 326.8 Bcm logged in the January-September 2020 period.

Overall net sales of gas increased in cash terms by 1.50Trln ($20Bln), or 77 percent, to 3.46Trln roubles ($46.2Bln) compared with the prior year period.

Gazprom posted net profits for the first nine-months of 2021 of 1.58 trillion Russian roubles ($21.12Bln) compared with losses 202.20Bln roubles ($2.70Bln) in the same period of 2020.

"The change was mainly due to an increase in average prices (including excise tax and customs duties) denominated in the Russian rouble by 95 percent and an increase in volumes of gas sold by 14 percent, or 21.3 Bcm. At the same time average prices denominated in US dollars increased by 87 percent," explained Gazprom.

While competing with LNG in the European Union and China, Gazprom is only a limited player in the LNG market with around 10 million tonnes per annum of sales from the Sakhalin joint venture in the Russian Far East. The cargoes are mostly supplied under contract to Japanese utilities.

Gazprom, which also sells refined products, oil and natural gas condensate.

The company was also preparing to double its export volumes to the EU via the Nord Stream II pipeline project but the commercial start-up has been suspended by German regulators.

Gazprom's new sales flow to China since the start of 2020 is still at a low level in volume terms of around 5 Bcm and was not mentioned in the earnings.

Net sales of gas to Former Soviet Union countries increased by 34 percent to 267.3Bln roubles ($3.5Bln) for the nine months period. ■