

LNG North America

Includes:
Market Tracker Data

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March 2021

Biden's plan to wind down new drilling leases will hit beyond 2024

US fracking companies fear the impact of President Biden's plan to lower the number of drilling leases on federal land. Analysts see no near-term effect on volumes or prices until 2022, but warn a complete halt on new production would effectively zero out the Gulf of Mexico, much of the Permian's section in New Mexico and a large chunk of Wyoming.

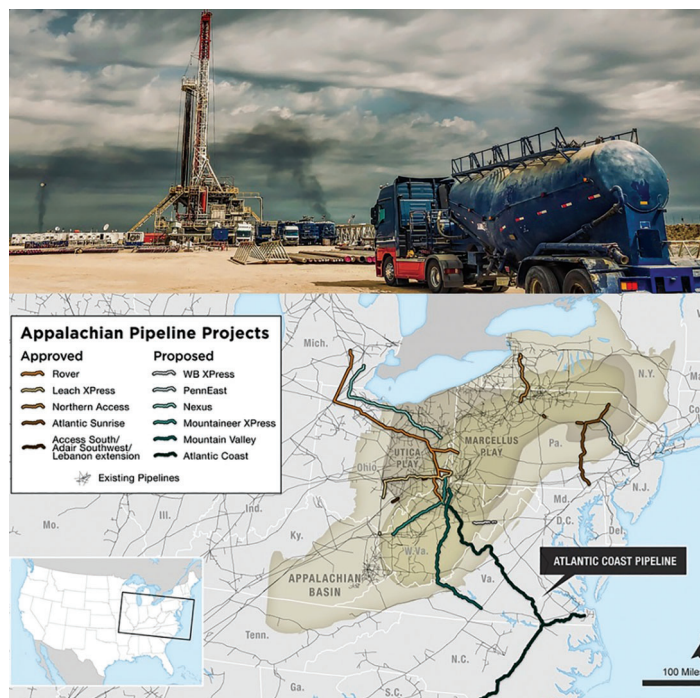
Today, there are still enough approved and valid permits in place to underpin production well into the second half of 2022. But beyond next year, however, and certainly by 2024, the new production that would have come from federal lands will need to be replaced.

Much of the industry's fear is caused by uncertainty given that the Biden administration has not yet fully clarified its new energy policy. The lack of transparency has caused doubt as to whether existing permits will be renewed beyond their standard two-year expiry, or if federal offshore permits be treated differently.

Analysts at the London-based consultancy Energy Aspects stressed overall thrust of Biden's environmental policy shift "points to potential supply problems in a few years." Concerns about future shortages are already starting to be reflected in Henry Hub prices, a few years down the curve.

FERC toughens gas pipeline oversight

Under the Biden Administration, the Federal Energy Regulatory Commission (FERC) is moving towards toughening certification of new interstate natural gas pipelines, now likely to face permit hurdles such as satisfying



"environmental justice" issues and answering the question of why gas-fired power is needed if renewables are available.

The FERC has issued a supplemental Notice of Inquiry seeking additional comments on whether

and how it should revise its approach under its permit process for new interstate natural gas pipelines. US lawyers say the move indicates that the FERC is considering sweeping changes to its natural gas pipeline certification

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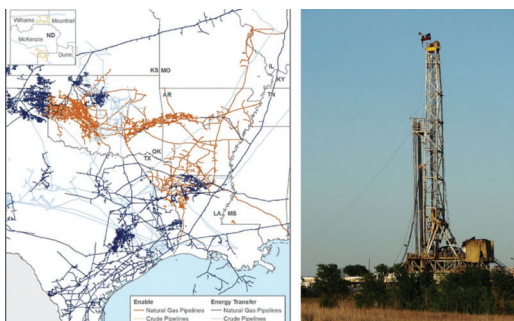
Energy Transfer buys Enable Midstream for \$7bn to boost presence in LNG and storage

Dallas-based Energy Transfer has agreed to acquire Enable Midstream Partners in an all-equity transaction valued at around \$7.2 billion. The merger is expected to lead to \$100 million operational cost savings and gives Energy Transfer access to gas gathering and processing assets in the Anadarko and Haynesville Shale, and pipelines to transport the gas to the US Gulf Coast.

NYSE-listed Energy Transfer owns and operates one of the largest and most diversified portfolios of energy and pipeline assets in the US. Through its ownership in Energy Transfer Operating, L.P., it additionally owns Lake Charles LNG Company in Louisiana which is preparing to become an LNG exporter.

Enable, meanwhile, around 14,000 miles of natural gas, crude oil, condensate and produced water gathering pipelines and about 2.6 billion cubic feet per day of natural gas processing capacity.

Under the terms of the merger agreement, Enable common unit-holders would receive 0.8595 Energy



Transfer common units for each Enable common unit. In addition, each outstanding Enable Series A preferred

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tion process. Now, the FERC has broadened the questioning of natural gas pipeline projects from the already comprehensive list issued in April 2018.

With the February 2021 notice, the FERC reopens the comment process. The parameters changed with regards to the National Environmental Policy Act (NEPA) regulations, requiring agencies to review their processes and streamline environmental reviews. Secondly, President Biden recently signed an Executive Order, number 14008, which creates a “whole government” approach to tackling climate change.

Pipeline projects at risk

Moving swiftly to reconfigure US energy policy, the new US President cancelled the Keystone XL oil pipeline in his first week in office and announced emissions costs would now be factored into project reviews. Analysts warned this could put key gas interconnectors at risk, notably the 2.0 Bcf per day Mountain Valley Pipeline meant to alleviate take-away constraints from the Appalachian.

A timely start-up of the 2 Bcf/d interstate pipeline would help dent growing demand for natural gas in the U.S. Southeast. Set to transport shale gas produced at the pro-

lific Marcellus and Utica Basins, it will provide up to two million dekatherms per day of firm transmission capacity to markets in the Mid- and South Atlantic regions.

Construction on a disputed stretch of the pipeline has been proceeding since September 2018, after FERC lifted a stop-work order. However, the regulator’s recent vote on Equitrans’ request to bore under streams in West Virginia, necessary to complete preparatory work for the pipeline, resulted in a deadlock 2-2 vote. Construction now cannot move ahead on even the first 77 miles of the total 303 mile pipeline.

Analysts at Energy Aspects say “FERC’s recent stalemate vote will delay Mountain Valley Pipeline beyond its currently stated in-service date in the fourth quarter of 2021, likely to the second half of 2022.” Considering FERC did not reject the developer’s request outright Equitrans still hopes the decision on cross-streaming will be revisited in the coming months.

Equitrans, the anchor shipper on the Mountain Valley Pipeline, holds 65% or 1.3 Bcf/d of total capacity. The company has made plans to sell down its capacity on the pipeline as it expects to hold production flat y-o-y in 2021. ■

Driftwood LNG still hopeful to find new investor, following Petronet exit

The developer of the Driftwood LNG export plant in Louisiana is still awaiting new investors to take stakes in the delayed venture since Indian company Petronet LNG withdrew as a possible partner last year. The developer, Tellurian Inc., has just posted annual net losses of \$210.69 million, up from \$151.76 million in the previous year, though said it was still optimistic about the project advancing in 2021.

Tellurian’s total annual revenues mostly from natural gas sales increased to \$37.43 million, up from \$28.77 million in 2019. The company held \$78.29 million at the end of 2020 in cash and cash equivalents compared with \$64.61 million at the end of December 2019. Houston-based Tellurian said its debts now stand at \$111.1 million, of which around \$72.8 million is scheduled to be repaid within the next 12 months.

Tellurian’s natural gas production assets, acquired in a series of transactions during 2017 and 2018, consist of 9,373 net acres and interests in 72 producing wells

located in the Haynesville Shale in north Louisiana. For the year ended in December, these wells had average net production of about 46.2 million cubic feet per day.

The produced natural gas had an average sale price of \$1.74 per thousand feet in 2020 versus \$2.07 per thousand feet in 2019 and \$2.97 in 2018. Tellurian said its current strategy still involved offering partnership interests in the Driftwood project with plans to produce 27.6 million tonnes per annum at a site near Lake Charles. Partners will contribute cash in exchange for equity in the Drift-

wood plant and will receive LNG volumes at the cost of production, including the cost of debt, for the lifespan of the Driftwood facility.

Plan to retain part-ownership

Tellurian emphasizes that it intends to retain a portion of the ownership in the Driftwood project and has engaged New York investment bank Goldman Sachs and French bank Société Générale to serve as financial advisors.

“Tellurian is in a strong financial position with substantial liq-



Map of Driftwood LNG venture

uidity after taking on expense reduction activities and significant debt reduction measures in 2020, and subsequent pre-payments in 2021,” explained President and Chief Executive Octávio Simões, who replaced Meg Gentle in 2020 after the former Cheniere Energy executive quit the company. ■

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unit would be exchanged for 0.0265 Series G preferred units of

Energy Transfer. The transaction will include a \$10 million cash payment for Enable’s general partner.

“Energy Transfer will significantly strengthen its natural gas liquids infrastructure by adding gathering and processing assets in the Anadarko Basin in Oklahoma and integrate high-quality assets with Energy Transfer’s existing NGL transportation and fractionation assets on the US Gulf Coast,” the company stated, adding it will also get hold of upstream and gas processing assets in the Arkoma

basin across Oklahoma and Arkansas, as well as the Haynesville Shale in East Texas and North Louisiana,

Energy Transfer explained that Enable’s transportation and storage assets would enhance its access to core markets with consistent sources of demand and bolster its portfolio of customers anchored by large, investment-grade companies and their firm, long-term contracts. “The all-equity nature of the transaction allows unit-holders of both partnerships to

participate in the value creation potential of the combined partnership,” it concluded.

Looking ahead, Energy Transfer wants to enhance its connectivity to the global LNG market. It expects the combined company to generate more than \$100 million of annual run-rate cost and efficiency synergies, that could result from integrating Enable’s Anadarko gathering and processing complex with Energy Transfer’s fractionation assets on the US Gulf Coast. ■

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Germany offered €1bn to avert US sanctions against Nord Stream

It has become clear that the German government was ready to pay over €1 million to the Trump administration to avert US sanctions and proceed with construction of the Nord Stream 2 pipeline. Finance minister Olaf Schulz offered the money to his US counterpart Steven Mnuchin, saying Germany would support the construction of LNG import terminals.

Scholz sent the letter to Washington on August 7, 2020, according to research by the German newspaper 'Die Zeit', but the government has long denied the existence of such a document. In the written proposal, the government offered to "public support for the construction of LNG import terminals by making available state funding on favourable terms."

The Trump administration has openly backed the US oil and gas industry which wanted to export LNG to Germany via the proposed terminals in the ports of Brunsbüttel and Wilhelmshaven. Trump had openly threatened sanctions against all companies involved in the construction of Nord Stream 2, saying he wanted to sell American instead of Russian natural gas to Germany.

Merkel back restart of works on Nord Stream II

The German Chancellor Merkel is supporting Nord Stream II even



after Russia earlier announced the expulsion of diplomats from Sweden, Germany and Poland for taking part in illegal protests in January against the jailing of Russian opposition figure Alexei Navalny.

"The position on Nord Stream II is not affected by this for the time being. This is a project on which you know the position of the federal government," stated Merkel. The Chancellor has been saying she would like to treat the Navalny case and the pipeline

project as two "separate" matters. However, she might now be pressured into changing her stance especially after the German Institute for Economic Research (DIW) cast doubt on the pipeline's usefulness from an economic perspective.

Construction of the 1,230-kilometres pipeline is 90 percent complete, apart for a final stretch of around 120 kilometres in length in Danish waters. The pipeline under the Baltic will make landfall at the northern German coastal town of

Lubmin, near Greifswald after starting from the Russian port of Ust-Luga.

The outgoing US Administration criticised the pipeline by-passing Ukraine and depriving that nation of transit fees while increasing the EU's reliance on Russian gas imports. Germany, however, insists that Russian pipeline gas is a necessary to ensure security of supply and does not impede companies or utilities to buy natural gas or LNG from other sources. ■



Stranded assets – long-term risk for fossil fuel exporters, Fitch warns

Fitch Ratings has warned fossil fuel exporters face a growing risk of loss of GDP, government revenue and export receipts as more upstream assets are downgraded, or become stranded, as the energy transition progresses. Coal suffers a greater loss of market share than oil and natural gas.

Though the extent and speed of the decline in demand for fossil fuels is uncertain, analysts underlined that excess potential global supply will weigh on prices, potentially compounding the loss from lower volumes.



High-cost producers will be squeezed out first," said Fitch Rating's managing director Ed Parker. He expects coal mining companies will face a "faster and fuller loss" of market share than oil and particularly gas producers.

Sovereigns with strong balance sheets and potential to diversify their economies are better-placed. However, for the most-exposed sovereigns and those that do not adequately prepare for it, the climate change re-

lated stranded-asset risk is likely to lead to rating downgrades.

Energy transition similar to oil price shock

Under a plausible scenario, Fitch Rating expects the green energy transition will be a similar shock to oil revenue as occurred in 2013-2016 and again in 2018-2020. "During this period two oil exporters defaulted and a further three were downgraded by at least four notches," Parker explained.

Being much slower, the energy transition will give sovereigns more time and capacity to adjust,

but the change will be permanent. A simulation on Fitch's Sovereign Rating Model shows this could lead to a fall in the SRM (surrogate reservoir model) output of a well by around one rating notch by 2040, and two to three notches by 2050 for a major oil exporter.

The downgrade of the SRM output will, in turn, impact on the credit rating of oil and gas producers which impacts their capacity to refinance their operating. The rise in financing costs for coal assets and political instability in some countries amplifies these challenges. ■



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ExxonMobil seeks to expand earnings from Permian Basin

Though ExxonMobil had to write down billions on its American gas assets, the oil major seeks to boost profits from its Permian Basin shale activities. "In 2020, capital expenditures in the Permian were 35 percent below plan," CEO Darren W. Woods said, but stressed the company's plans are for Permian volumes of approximately 700,000 oil equivalent barrels per day by 2025.

One of the US oil major's key strategic advantages in the Permian, is its acreage position. The major has large, contiguous acreage that enables multi-well pads in large development corridors connecting to efficient gathering systems, reducing development costs and accelerating production growth.

ExxonMobil's scale, financial capacity and technical capabilities enable the company to maximize the value of the resource.

"In 2020, capital expenditures in the Permian were 35 percent below plan. Despite significant economic curtailments in the second quarter, 2020 volumes of 370,000 oil equivalent barrels per day exceeded our plan," said CEO Darren Woods. "We're about 100,000 oil equivalent barrels per day above 2019. Going forward, with the pandemic-related impacts on our balance sheet and market outlook, we are pacing Permian investments to maintain positive free cash flow, deliver industry-leading capital efficiency

and achieve double-digit returns at less than \$35 a barrel."

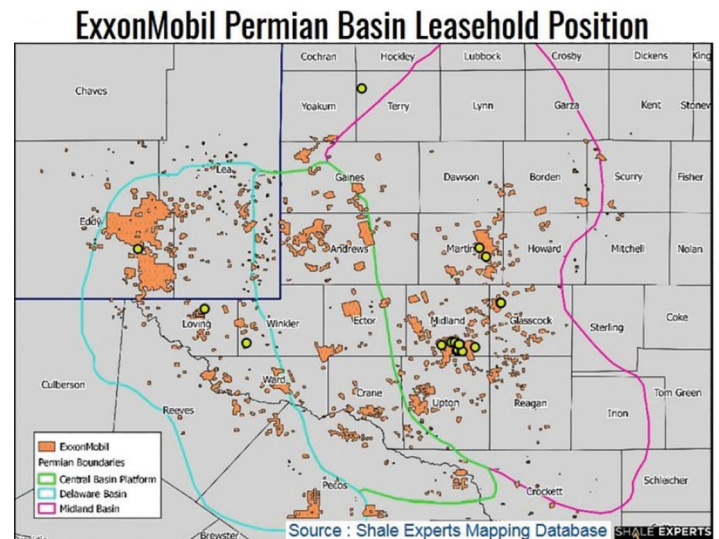
Looking forward, Woods said that based on the current market price projections, ExxonMobil plans are for Permian volumes of approximately 700,000 oil equivalent barrels per day by 2025.

"Production was reduced by government mandated curtailments. Excluding entitlement effects, divestments, and government mandates, liquids production increased 5 percent, while natural gas volumes increased 2 percent," he explained.

Pledge to spend \$3bn on low carbon fuels

ExxonMobil has set up a Low Carbon Solutions business, pledging to invest \$3 billion on green energy and carbon capture storage (CCS) through 2025. The new unit, led by Joe Blommaert, is evaluating multiple projects in Southeast Texas and Wyoming, as well as the Porthos project in Rotterdam.

In Wyoming, Exxon Mobil seeks to speed up permitting for the ex-



ExxonMobil's leasehold position in the Permian Basin

pansion of its La Barge CCS facilities, which could enable an additional one million tonnes of CO₂ per year to be captured. Existing facilities currently capture approximately 7 million tonnes per year. Mr Blommaert also talks with potential partner on a partnership for a CCS hub concept in Southeast Texas and other projects along the US Gulf Coast.

"CCS opportunities are becoming

more commercially attractive through government policy, such as the so-called 'United States tax credit 45Q' and similar policies in the European Union, Canada and Singapore," Blommaert said in a statement. Since 2000, the Texas-based company has spent more than \$10 billion to develop and deploy high-efficiency and lower-emission energy solutions across its operations.

Cheniere says global LNG market has strengthened in 2021

Cheniere Energy, the largest US LNG exporter from the Sabine Pass plant in Louisiana and the Corpus Christi facility in Texas, said the global LNG market had strengthened significantly in 2021 as it reported mixed earnings while still posting \$9.58 billion of annual revenues and shipping 391 cargoes in 2020.

Cheniere's revenue from cargo

sales was down 4 percent in 2020 compared with the \$9.73 billion received in 2019 and cargo numbers were also slightly lower than the 429 logged in 2019, partly due to mid-year customer cancellations. The largest US LNG exporter reported a fourth-quarter net loss of \$194 million compared with a gain of \$939 million in the same three months of 2019

because of one-time items.

"During fourth quarter 2020, net loss was negatively impacted by approximately \$515M related to non-cash changes in fair value of commodity and foreign exchange derivatives, primarily related to the impact of commodity curve shifts on our Integrated Production Marketing (IPM) agreements for the purchase of natural

gas and on our forward sales of LNG," explained Cheniere.

For the full year, the Houston, Texas-based company reported a loss of \$89 million, while revenues from LNG sales in the fourth quarter fell 7 percent to \$2.78 billion, down from \$3.00 billion in the prior year period. The number of quarterly shipments unchanged year-on-year at 130 cargoes.

Kinder Morgan sells 25% stake in Chicago city-gas supplier

US pipeline operator Kinder Morgan said a minority stake of 25 percent had been sold in the 9,000-mile Natural Gas Pipeline Company of America, which supplies city gas to Chicago and feed gas to LNG plants on the Gulf Coast of Texas and Louisiana.

Kinder Morgan and the other joint owner of the pipeline, Brookfield Infrastructure Partners of Canada, sold the NGPL stake to a fund controlled by ArcLight Capital Partners, based in Boston, Massachusetts, and specialising in energy sector

investment.

"The value of the minority interest implies an enterprise value of about \$5.2 billion for NGPL, representing 11.2 times its 2020 earnings before interest, taxes, depreciation and amortization," said a statement

from Kinder Morgan and Brookfield.

Kinder Morgan and Brookfield said they would each hold a 37.5 percent interest in NGPL following the closing of the ArcLight deal and Kinder would continue to operate the pipeline.



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US gas demand recovers faster from the pandemic than oil and coal

Modelling how fast US energy demand will recover after the pandemic, analysts say the consumption of natural gas will increase faster than other fossil fuels. Electricity use is expected to largely return to 2019 levels by 2025, causing a slight uptick in gas-burn while the contribution of coal, oil and nuclear falls behind.

All projections of the US Energy Information Administration (EIA) are, however, highly dependent on the pace of US economic recovery. In a case that assumes low economic growth, energy consumption does not return to 2019 levels until 2050. In most cases, EIA projects that energy-related CO2 emissions will decrease through 2035 and then increase.

Stephen Nalley, the EIA's acting administrator said it will take years the energy sector to get to its new 'normal'. "The pandemic triggered a historic energy demand shock that led to lower greenhouse gas emissions, decreases in energy production, and sometimes volatile commodity prices in 2020," he said, cautioning the pace of economic recovery, advances in technology, changes in trade flows, and energy incentives will largely determine future energy production and consumption patterns.

Power mix shifts to gas and renewables

Electricity demand has already started to recover as lockdowns are lifted, but the share of power generation sources has changed. Wind and solar power technologies are projected to account for almost 60% of the capacity additions from 2020 to 2050, the renewables' share is forecast to more than double by 2050.

The contribution of natural gas

will rise slightly to 36%, while the coal and nuclear shares will both fall by about half, according to baseline projections in Annual Energy Outlook 2021.

The AEO2021 Reference Case looks at a future in which slower growth in consumption in an increasingly energy-efficient US economy contrasts with rising supply due to technological progress in renewable sources, oil, and natural gas.

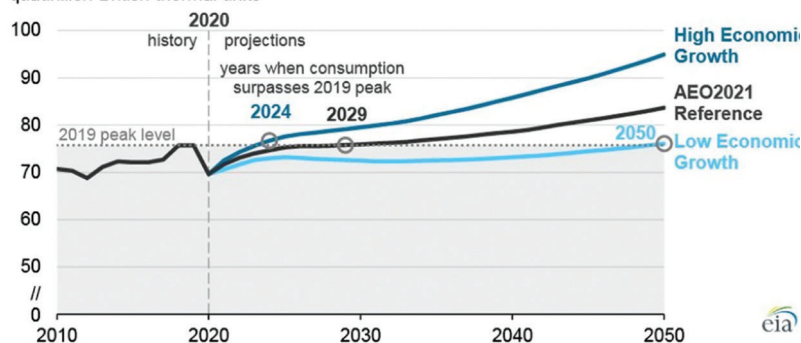
Record domestic production supports LNG exports

Looking at exports, the United States will likely continue exporting more oil and other liquids than it imports, but analyst stressed this balance will be highly dependent on supply, demand and increasingly volatile prices. Moreover, ongoing record domestic shale gas production supports LNG but Mr. Nalley warned this "does

not necessarily mean growth in the US trade balance in petroleum product."

"High oil and natural gas supply or high oil prices could result in increased domestic production and net exports," he said, adding: "If prices or supply remain high, the United States is likely to export more energy than it imports through 2050." ■

U.S. delivered energy across end-use sectors (2010–2050)
quadrillion British thermal units



Source: U.S. Energy Information Administration, Annual Energy Outlook 2021 (AEO2021)

Brent price may top \$54 per barrel in Q1-2021 on lower US production

The US Energy Information Administration (EIA) expects crude oil prices to rise from \$50 per barrel in December 2020 to \$56/bbl in the first quarter of 2021, caused by demand for petroleum liquids exceeding available supply. Brent prices could hit \$54/bbl in 2022, impacting oil-indexed gas contracts.

Production, meanwhile, will remain on fairly low levels as OPEC is implementing agreed oil production limits and Saudi Arabia said it would voluntarily cut production by an additional 1.0 million b/d during February and March.

US crude oil output from the lower 48 states, excluding the Gulf of Mexico, is forecast to fall in the first quarter as the recent rise in Covid-cases continues to

limit operations. In 2021, EIA expects crude oil production in this region will average 8.9 million b/d while total US oil output could reach 11.1 million b/d - substantially less than 2020 production.

Inventory draws in the first quarter will put upward pressure on prices, pushing up prices to \$53/bbl, though stock draws are set to decrease by the end of the first quarter.

Henry Hub prices rebound

The slowdown in US fracking activity is curtailing both shale oil and gas output. Prices at the US benchmark Henry Hub are consequently forecast to increase from an average of \$2.03 per Million British thermal units

(MMBtu) in 2020 to around of \$3.01/MMBtu in 2021, limiting the availability of natural gas for power generation.

Declines in US gas production this winter will more than offset to pandemic-related fall in consumption, leading to inventory withdrawals that outpace the five-year average. Forecast natural gas inventories end March 2021 at 1.6 Tcf, 12% lower than the 2016-20 average.

On the demand side, gas-burn in the power sector will continue to fall as rising prices make power producers dispatch their coal-fired power plants ahead of gas-fired ones. Coal's forecast share of electricity generation will rise from 20% last year to 22% in 2021 and 24% in 2022, while

power generation from gas will fall from 39% last year to 36% in 2021 and 34% in 2022.

Looking further ahead, analysts expect US fracking operations and output to recover slowly, while US gas consumption will decline by 2.8% in 2021 and by 2.1% in 2022, mostly due to lower demand from the power sector. Henry Hub prices are forecast to rise to \$3.27/MMBtu on average in 2022. ■



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Cheniere files for permit to start-up Corpus Christi Train III

Corpus Christi Liquefaction, the Cheniere Energy subsidiary operating the export plant in Texas, has asked the Federal Energy Regulatory Commission to start full commercial service from the third LNG Train three months after commissioning cargoes started to be shipped.

“Corpus Christi Liquefaction LLC submits this request for authorization to place Train 3 in-service under CP12-507,” said the filing to the regulator, citing the docket number of the project.

Commissioning cargo in Nov 2020

The third Train at the Texas plant shipped its first commissioning cargo in November 2020. The three Trains have combined capacity of 15 million tonnes per annum. Corpus Christi is Cheniere Energy’s second liquefaction facility and is sited on the northern shore of the La Quinta Channel in Corpus Christi Bay, part of San

Patricio and Nueces Counties in Texas.

Cheniere is also developing a mid-scale expansion called the Stage 3 project at Corpus Christi, which proposes up to seven Trains that would add around 10 mtpa, taking aggregate production capacity at the Texas facility to 25 mtpa.

The Corpus Christi facility has plenty of available land for the Stage 3 expansion as it is located on a site comprising almost 1,000 acres. The Stage 3 project was approved by the FERC in November 2019 and is the next part of Cheniere’s growth plan.

The Corpus Christi site also

benefits from a robust resource position with multiple interstate and intrastate pipeline systems from areas such as the Permian Basin. The 22-mile Cheniere Corpus Christi

Pipeline connects the plant to several of these interstate and intrastate pipelines.

Works on Sabine Pass Train 6 continue

At the Cheniere Sabine Pass plant in Louisiana, work is continuing on the Sabine Pass Train 6 project, which has now been half built by US engineers Bechtel Inc. Sabine Pass currently has five fully operational Trains in operation with each capable of producing up to 5 mtpa of LNG.

Cheniere notes that these five Trains have been brought online an average of seven months ahead of schedule, and all within budget. The sixth Train is scheduled to be in service in 2022, taking output to 30 mtpa with more than 4.7 billion cubic feet per day of natural gas being processed into LNG.

Coupled with the Stage 3 project at Corpus Christi, the Houston, Texas-based company would have overall export volumes of 55 mtpa. ■



View of Cheniere's Corpus Christi LNG complex

FERC to inspect Elba Island LNG, one year after fire incident

Southern LNG Company, the operator of the Elba Island LNG export plant near Savannah in Georgia, is to host a full inspection of the facility by regulators just after the first anniversary of a fire at the new plant that delayed completion. The Federal Energy Regulatory Commission (FERC) will inspect the facility, which now has 10 Trains on stream, after mid-May.

The inspection is due after a challenging first year of operations in

2020 when just 12 cargoes were shipped.

Elba Island is the smallest US export facility out of six operating and has 10 mid-scale Trains in its Moveable Modular Liquefaction System pioneered by Royal Dutch Shell. After the Elba Island plant entered service in December 2019 it had sent out just a couple of cargoes when it was hit by a fire

that halted operations and was cause for an investigation.

The Kinder Morgan subsidiary then restarted two of the three liquefaction units shutdown after the May 11 fire, which was extinguished by equipment on site and caused no injuries. The fire had broken out in a compressor of the facility’s Train 2, one of six of 10 Trains in operation at the time. ■



Elba Island LNG facility in Georgia

NextDecade pulls the plug on Rio Grande LNG project

NextDecade, developer of the Rio Grande liquefied natural LNG export project in Texas, has decided not to proceed with another venture called Galveston Bay LNG because part of the project area is under federal law.

The Nasdaq-listed company said it had been advised that the site near Texas City was not suitable for development of an LNG facility and related infrastructure and utilities. “The Galveston Bay LNG project cannot be constructed without USACE requesting that Congress, via the Water Resources Development Act or other legislation, authorize the release of its constitutional right of Navigation Servitude over this DMPA,” explained Houston-based NextDecade.

Due to the prolonged uncertainty around the prospect of release of Federal Navigation Servitude by USACE, NextDecade has decided to forfeit the Galveston Bay LNG site and will no longer make lease payments to the site’s landholders, the Texas General Land Office and the City of Texas City, the company stated.

At the same time, NextDecade underlined the circumstances of Galveston Bay LNG would have no impact on its Rio Grande LNG project in the Port of Brownsville. “We continue to work on remaining commercial agreements needed to achieve a final investment decision on the Rio Grande LNG project in 2021,” the company said. ■



Render of Corpus Rio Grande LNG project

US LNG: January – February 2021

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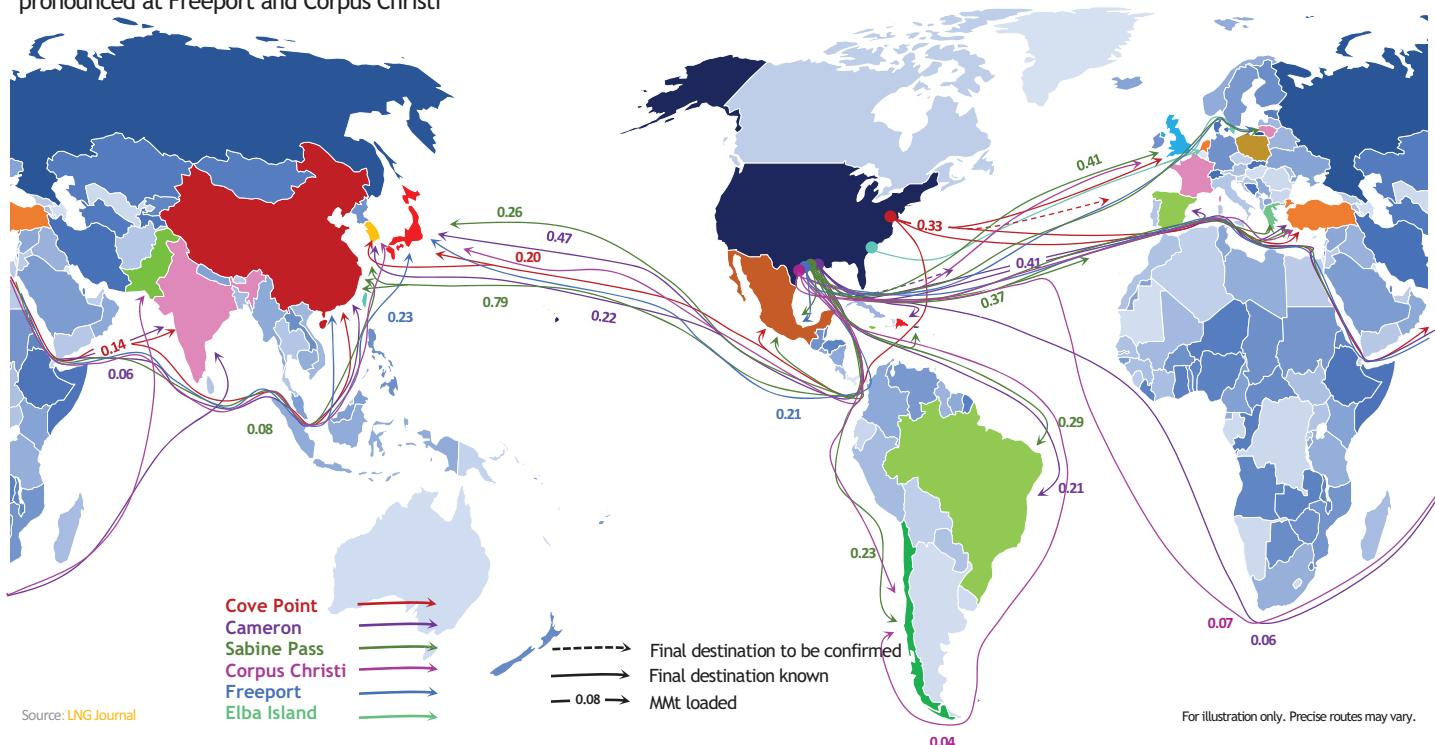
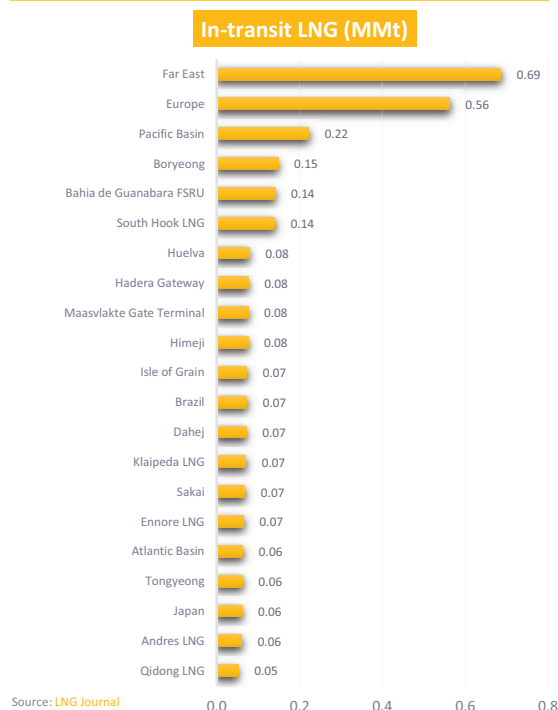
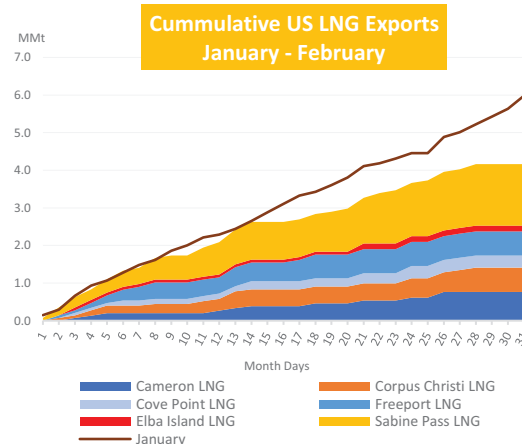
- January-February exports at 10.14mmt on 28th February
- Down 1.90mmt (16pct) over November-December period
- Shipments up 0.81mmt (9pct) over period year-on-year
- Avg. US capacity utilisation at 82pct for report period

US LNG exports had advanced along a steep path to sustained recovery between October and December when a roster of market factors once again threw spanners in the works. Spurred by robust demand growth in Asia - which subsequently led to a destination switch away from Europe - US LNG exports in January at first continued to carry December's baton of robust exporting performance with 5.98mmt compared to 6.06mmt. This performance, however, did not carry through into February. Although shipments during the overall report period remained 0.81mmt (9pct) above their year-on-year equivalent of 9.33mmt, February exports decreased by 1.82mmt (30pct) to just 4.16mmt in 2021. As a result, shipments for the report period were down 1.90mmt (-16pct) over November-December with utilisation averaging 82pct.

Whilst the month of February is three days shorter than that of January, the day-to-day pace of cumulative export growth was significantly slower than in January, indicating lower exports that month were due to market forces. A cold snap curtailed feedgas supply to several US plants located on the shores of the Gulf of Mexico as Texas battled with power outages. This in turn put not only effective operations at liquefaction plants at risk, but also slowed US hydrocarbon production. Accordingly, LNG export curtailments were most pronounced at Freeport and Corpus Christi

LNG, which slashed monthly shipments by 0.65mmt and 0.29mmt, respectively, in February. Other plants in the area suffered less from direct feedgas outages than bad weather effects, which reduced navigation time slots and subsequent vessel capacity at Sabine Pass and Cameron LNG, port information indicates.

Concurrently, a switch of LNG cargoes away from Europe to Asia added to existing shipping constraints as other major Atlantic Basin LNG exporters such as Nigeria made similar switches to the Far East. LNG cargo round trips from the Atlantic Basin to the Far East take considerably longer than to Europe, so that free LNGC capacity was also confronted with longer ballast journeys. This in turn led to lower available shipping capacity in a given period. This effect was exacerbated by a protracted 'traffic jam' due to a significant tonnage build-up off both the east and west coasts of Panama that was probably underpinned by extensive coronavirus protocols. As such, US LNG exporters frequently opted to ship their cargoes to the Pacific via longer routes through the Suez Canal, South Africa's Cape of Good Hope and Chile's Cape Horn. These routes, however, carried an additional time penalty over what deliveries to Far Eastern buyers would already impart.



US LNG Still in Transit

LNG Journal

At the time of writing, 30 cargoes (2.08mmt) shipped during the report period remained in transit, with 18 shipments (1.25mmt) still lacking confirmed destinations within the Pacific and Atlantic Basins. We are currently expecting c. 44pct (0.91mmt) of in-transit US LNG to

arrive at destinations throughout the Atlantic Basin and Europe. At the same time, with no shipment currently headed for the Middle East, the Pacific Basin is expecting the remaining 56pct (1.17mmt) of in-transit LNG, with 0.89mmt currently headed for the Far East. Our LNG Market Tracker

indicates there are six US LNG shipments still to arrive in Japan, South Korea and China amounting to 0.41mmt. We are anticipating their arrivals by 21st March. Only one of these shipments was earmarked for China at the time of writing, however.

Export Port	Vessel Name	IMO	Destination	Arrival	MMt*
Cove Point LNG	LNG Sakura	9774135	Sakai	06/03/2021	0.07
	Energy Liberty	9736092	Japan	21/03/2021	0.06
	BW Paris	9368302	Europe	06/03/2021	0.05
Corpus Christi LNG	Golar Ice	9637325	Atlantic Basin	18/03/2021	0.06
	Maran Gas Delphi	9633173	Far East	25/03/2021	0.07
	Golar Kelvin	9654701	Europe	10/03/2021	0.06
	Seri Balhaf	9331660	South Hook LNG	08/03/2021	0.07
	Shinshu Maru	9791200	Pacific Basin	08/03/2021	0.08
Freeport LNG	Prism Brilliance	9810551	Boryeong	10/03/2021	0.08
	Arctic Princess	9271248	Qidong LNG	03/03/2021	0.05
	Diamond Gas Metropolis	9862487	Himeji	07/03/2021	0.08
	GasLog Salem	9638915	Ennore LNG	15/03/2021	0.07
Freeport LNG	Magellan Spirit	9342487	Brazil	09/03/2021	0.07
	LNG Alliance	9320075	Bahia de Guanabara	06/03/2021	0.06
	Marvel Crane	9770438	Far East	28/03/2021	0.08
	Stena Crystal Sky	9383900	Boryeong	12/03/2021	0.07
	Pearl LNG	9862346	Europe	10/03/2021	0.08
	GasLog Galveston	9864928	Europe	07/03/2021	0.08
	Maran Gas Hector	9682605	Europe	06/03/2021	0.08
	Maran Gas Roxana	9701229	Dahej	17/03/2021	0.07
	British Listener	9766566	Rotterdam	07/03/2021	0.08
	Golar Bear	9626039	Far East	20/03/2021	0.07
Sabine Pass LNG	Golar Maria	9320374	Far East	06/03/2021	0.06
	La Mancha Knutsen	9721724	Far East	13/03/2021	0.07
	BW Pavilion Aranda	9792606	South Hook LNG	09/03/2021	0.07
	Cool Voyager	9636785	Klaipeda LNG	13/03/2021	0.07
	Asia Vision	9606948	Far East	08/03/2021	0.07
	Beidou Star	9613159	Pacific Basin	16/03/2021	0.07
	Energy Pacific	9854612	Far East	10/03/2021	0.07
	LNG Rosenrot	9877133	Europe	12/03/2021	0.08
Grand Total		33			2.08

*Values are based on journey time to date in accordance with draught at departure and in-transit BOR. Eventual journey times will thus affect the final amounts delivered.

Source: LNG Journal

Monthly US LNG Exports (MMt) as of 4th March

Period between 1st January and 28th February, inclusively

LNG Journal

Elba Island LNG

Elba Island LNG exported two cargoes, amounting to 0.15mmt, between January and February. Both went to Europe, one to Poland's Swinoujscie LNG and one to Rotterdam's terminal in the Netherlands. Elba Island's capacity utilisation therefore stood at 36pct for the period.

Cameron LNG

Exports from Cameron LNG struggled with hurricane weather in autumn. Cameron LNG recovered in November and December but bad weather once again restricted shipments in January and February, albeit not as much as in the autumn. The plant shipped 1.82mmt during the report period and operated at 80pct utilisation, helped by robust Japanese demand for its gas. The plant was in the process of loading a cargo aboard the *LNG Unity* on 4th March.

Cove Point LNG

Cove Point LNG saw exports decrease during the most recent report period compared to the one of November-December. Cove Point exports stood at 0.75mmt at the end of February, down by 0.13mmt from 0.82mmt at the end of December. Utilisation between January and February averaged 78pct. There are currently three Cove Point cargoes in transit - two headed to Japan and one to Europe. At the time of writing, we were not expecting another cargo from Cove Point before the w/c 8th March.

Freeport LNG

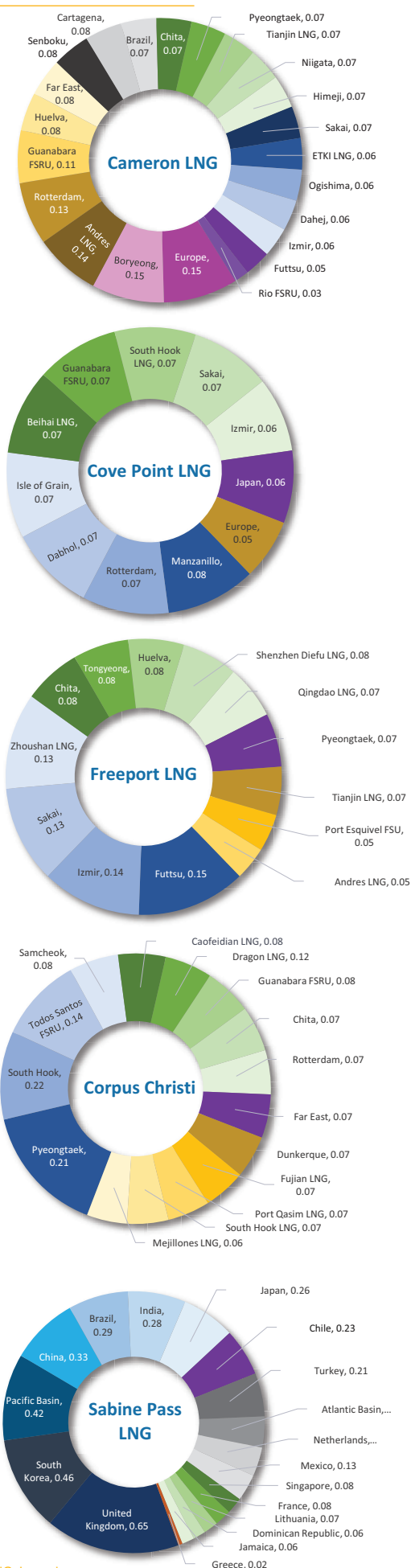
Freeport LNG saw production decrease over the January-February period compared to November-December. Shipments amounted to 0.75mm by the end of February compared to 0.88mmt at the end of December, pegging utilisation for the current report period at 78pct. The plant still had four cargoes amounting to 0.28mmt in transit as of 4th March, all of which are expected to arrive in China, South Korea and Japan. At the time of writing, the *Prism Agility* and the *BW Pavilion Leeara* were waiting in Freeport's anchorage.

Corpus Christi LNG

In line with U.S. LNG exports overall, Corpus Christi LNG saw shipments decreased over the report period. Accordingly, the plant shipped 1.58mmt between January and February, pegging utilisation for the period at 70pct. The bulk of the plant's exports was destined for the Atlantic Basin, led by the United Kingdom and Brazil. At the time of writing on 4th March, the *SM Eagle* had begun the process of loading the plant's 27th shipment in 2021.

Sabine Pass LNG

Sabine Pass LNG's exports stood at 3.91mmt for the period, pegging capacity utilisation at 94pct. This was down 8pct from the 4.26mmt exported during November and December, when the plant operated slightly above monthly nameplate capacity. Sabine Pass exports were mainly headed to the Far East (40pct), with South Korea taking up the largest share of 0.46mmt (12pct), closely followed by China with 0.33mmt (8pct). The plant had begun loading a cargo aboard the *GasLog Georgetown* on 4th March.



Source: LNG Journal

US LNG Exports - Report Period (MMt)

LNG Journal

To Country	2020												2021		Grand Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
South Korea	0.84	0.27	0.59	0.50	0.37	0.58	0.20	0.28	0.55	0.27	0.88	0.80	1.03	0.21	7.37
Japan	0.57	0.43	0.41	0.37	0.27	0.41	0.22	0.46	0.14	0.54	0.65	1.07	1.17	0.27	6.98
China	-	-	0.37	0.43	0.30	-	0.22	0.26	0.14	0.65	0.90	0.92	0.81	-	4.99
United Kingdom	0.69	0.57	0.42	-	-	-	0.06	-	0.06	0.28	0.55	0.61	0.44	0.72	4.39
Spain	0.51	0.36	0.45	0.47	0.63	0.18	0.27	0.07	0.28	0.29	0.15	0.27	0.16	0.14	4.23
Turkey	0.70	0.49	0.12	0.36	0.14	-	0.08	-	0.08	-	0.27	0.32	0.56	0.33	3.45
India	0.07	-	0.36	0.36	0.21	0.19	0.15	0.22	0.20	0.36	0.22	0.20	0.48	0.20	3.22
Brazil	0.17	0.21	0.14	-	-	-	-	0.07	-	0.43	0.58	0.61	0.44	0.21	2.85
Chile	0.09	0.22	0.08	0.28	0.23	0.07	0.06	0.14	0.08	0.06	0.14	0.17	0.15	0.18	1.94
Netherlands	0.12	0.30	0.28	0.20	0.14	0.13	0.13	-	0.06	0.07	0.15	0.07	0.06	0.22	1.94
France	0.11	0.41	0.46	0.31	0.06	-	-	-	-	0.19	0.12	0.08	0.08	0.08	1.90
Italy	0.13	0.33	0.21	0.07	0.12	0.27	0.06	0.13	-	-	0.05	-	-	-	1.37
Taiwan	0.19	0.14	0.12	-	0.14	0.06	-	-	0.18	0.08	0.13	0.22	0.07	-	1.33
Greece	0.21	-	0.19	0.07	-	0.04	0.13	-	0.15	-	0.07	0.14	0.02	-	1.01
Mexico	0.14	0.07	0.15	-	-	-	-	0.07	0.07	0.15	0.07	-	-	0.28	1.00
Portugal	0.07	0.11	-	0.22	-	-	-	-	0.16	0.07	0.11	0.08	-	-	0.82
Dominican	0.01	-	0.08	0.08	0.06	-	-	-	0.03	0.13	0.07	0.08	0.08	0.19	0.80
Poland	0.05	0.12	0.07	0.08	0.13	-	-	-	-	0.06	-	0.15	-	0.08	0.74
Pakistan	0.06	0.07	-	0.07	-	-	-	0.07	0.19	0.19	-	-	0.07	-	0.72
Lithuania	-	-	-	0.06	0.07	0.06	-	-	0.07	0.11	0.08	0.13	-	0.14	0.71
Belgium	0.11	0.20	0.08	0.06	0.11	-	-	-	-	0.06	0.07	-	-	-	0.70
Singapore	-	-	0.22	-	-	-	0.07	0.06	-	0.06	0.15	-	0.08	-	0.65
Pacific Basin	-	-	-	-	-	-	-	-	-	-	-	-	0.21	0.43	0.64
Thailand	-	-	0.08	0.15	0.22	-	0.07	-	-	-	0.07	-	-	-	0.59
Jamaica	-	0.05	-	0.13	0.05	-	-	-	0.04	0.12	-	0.05	0.08	-	0.52
Atlantic Basin	-	-	-	-	-	-	-	-	-	-	-	-	-	0.49	0.49
Argentina	-	-	-	-	0.15	0.07	0.02	0.13	-	-	-	-	-	-	0.38
Kuwait	-	-	-	0.07	-	-	-	0.15	0.07	0.08	-	-	-	-	0.37
Israel	-	-	0.06	-	-	0.06	0.05	0.07	0.07	-	-	-	-	-	0.30
Bangladesh	0.07	-	-	-	0.07	-	0.07	-	-	-	-	-	-	-	0.21
UAE	-	-	-	-	-	0.07	0.07	0.07	-	-	-	-	-	-	0.21
Panama	0.01	0.07	0.01	-	0.06	-	-	-	0.03	-	-	0.03	-	-	0.20
Jordan	-	-	-	-	0.07	-	-	-	0.08	-	-	-	-	-	0.15
Colombia	0.03	0.01	-	-	-	-	-	-	0.06	-	-	-	-	-	0.10
Croatia	-	-	-	-	-	-	-	-	-	-	-	0.06	-	-	0.06
Malta	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03
Grand Total	4.98	4.43	4.94	4.33	3.61	2.20	1.92	2.24	2.78	4.24	5.47	6.06	5.98	4.16	57.34

Source: LNG Journal

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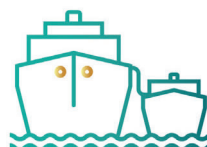
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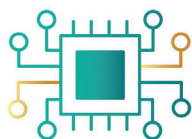
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