LNG Unlimited

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Shell leads coal-seam gas wells work to boost Queensland LNG

China National Offshore Oil Corp. and Japanese utility Tokyo Gas support major's CSG reserves quest

LNG News Editor

High-point vents in Surat Basin CSG production wells

Shell is moving ahead with the development of 145 new onshore coal-seam gas wells to maintain the necessary production levels at the Queensland Curtis LNG export plant on Curtis Island near the port of Gladstone.

Shell said it would progressively drill and connect the CSG wells, also known as tenements, in the Western Downs region of the Australian state.

Agreed progress

The oil and gas major recently agreed on the CSG feed-gas plans with its joint venture partners in the QCLNG project, China National Offshore Oil Corp. and Japanese utility Tokyo Gas.

Curtis Island hosts three CSG-to-LNG plant alongside each other and the two-Train Shell facility with around 8.5 million tonnes per annum of nameplate capacity was the first to come on stream in 2014.

It was followed in 2015 by Gladstone LNG, operated by Santos, and the third facility, Australia-Pacific LNG operated by ConocoPhillips, saw first exports in 2016.

Shell said its continued investments in LNG reflected its commitment to supplying the domestic market and enhancing Australia's reputation as a global LNG supplier.

The CSG fields now listed for development are centred in the onshore Surat Basin of southern Queensland.

"Discussions with landholders are underway to agree access arrangements, as well as the location of wells to minimise any impact on farming activities," explained Shell.

Permits in place

"All necessary state and federal government environmental approvals are in place," it added.

The company said that between now and 2024, Shell would progressively drill and connect the new CSG wells to the main pipeline to Curtis Island.

The Wallumbilla-Gladstone pipeline, which is 540 kilometres (335 miles) in length, carries the QCLNG gas. It is owned by Australian pipeline operator APA.

The pipeline has a 20-year contract to supply pipeline capacity to QCLNG, with options to extend the contract by up to another 20 years.

The Wallumbilla-Gladstone pipeline also has interconnections with the APLNG and GLNG transmission pipelines.

"The wells will connect to existing gas processing plants and will bring approximately 210 petajoules of gas to market over the next 15 years," said Shell.

Shell's Australia chairman Tony Nunan said the project would help boost the regional economy and employment and provide more gas for not only exports but also for the domestic market.

"Gas will be crucial to the energy transition, allowing the integration of greater levels of renewable energy here and overseas, and a vital part of Shell's strategy to provide more and cleaner energy solutions to supply the world's energy needs," he stated.

Shell added that the project would further boost Queensland's regional economy, powering lives and demonstrating Shell's commitment to bring more gas to market. ■

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UNLIMITED AGENDA

Woodside names executive team in Perth and Houston on completion of BHP energy merger

LNG News Editor

Woodside Petroleum, the leading LNG plant operator in Western Australian, has named the new executive leadership team in the run-up to the completion in the second quarter of Woodside's merger with the spun-off oil and gas business of Anglo-Australian commodities company BHP.

Woodside said it would have leading executives based in Perth in Western Australia as well as in Houston in Texas, reflecting the global nature of the combined portfolio.

Bigger scale

"The merged business is expected to have the scale and cash flow to create value for shareholders, deliver growth and thrive through the global energy transition, enabled by a leadership team that brings together the very best of our two organisations," explained Woodside Chief Executive Meg O'Neill.

"The Woodside Board and I would like to thank the current Woodside executive team for their exemplary leadership during this transformational time for our business and extend our congratulations to all those nominated for executive leadership roles in the proposed merged company," she stated.

Fiona Hick at operations and Mark Abbotsford at trading

Finance: Chief Financial Officer Graham Tiver, appointed to that position at Woodside in December 2021, will remain in that post based in Perth, serving also as Executive Vice President. "He has extensive international experience, having worked in North and South America as well as a variety of roles around Australia," said Woodside.

Australian Operations: Fiona Hick has been nominated to lead Australian Operations, based in Perth. Hick joined Woodside in 2001 and has been Woodside's EVP of Operations since 2019. "She is also the President of the Chamber of Minerals and Energy of Western Australia," the company noted.

International Operations: Shiva McMahon has been nominated to lead International Operations, based in Houston. McMahon is currently General Manager of Australia Production Unit at BHP Petroleum. "She previously held the role of BHP Petroleum's VP Finance. Ms McMahon has 25 years of industry experience. Before joining BHP, she held roles at BP including CFO for Castrol and Head of the Upstream Executive Office," said the company.

New Energy: Shaun Gregory has been nominated to lead New Energy, based in Perth. Gregory has over 25 years of industry experience. He joined Woodside in 1995 and currently holds the role of EVP Sustainability and Chief Technology Officer, overseeing advancements in LNG, data science, artificial intelligence and digital transformation.

Marketing and Trading: Mark Abbotsford has been nominated to lead Marketing and Trading, based in Perth. Abbotsford joined Woodside in 2002, and has 20 years of commercial, marketing, trading and merger and acquisition experience. He is currently Woodside's VP Marketing, Trading and Shipping.

Exploration and Development: Andy Drummond has been nominated to lead Exploration and Development, based in Houston. Drummond is currently VP of Sustainability and Innovation for BHP Petroleum. He joined BHP Petroleum in 2013 and has held roles including VP Business Development. Prior to joining BHP, Drummond spent 15 years with Marathon Oil Corp.

Projects: Matthew Ridolfi has been nominated to lead Projects, based in Houston. Ridolfi joined BHP in 1991 and is currently the VP of Major Developments with accountability for global major developments and all operated well and seismic delivery activities. "He has 30 years of international experience in the petroleum business including Australia, the United Kingdom and the US," said Woodside.

Corporate Services: Julie Fallon has been nominated to lead Corporate Services, based in Perth. Fallon joined Woodside in 1998 and is currently Acting Senior Vice President Corporate and Legal. "She has 29 years of industry experience and previous Woodside roles include SVP Engineering, SVP Pluto Business Unit and SVP Internal Audit. ■

LNG operator Santos reports record cash flow on only three weeks of Oil Search merger revenue

Australian LNG plant operator Santos, which has plant and project stakes in Queensland and in the Northern Territory as well as in Papua New Guinea, reported record free cash flow of US$1.5 billion and underlying profit of US$946 million after its merger with Oil Search.

The free cash flow was double the US$740 million posted in the previous year the underlying profits were 230 percent higher than the US$287M of profits reported in 2020.

The Adelaide-based company achieved net profits of US$658M versus losses of US$357M in the previous year.

"Net profit includes losses on commodity hedging and costs associated with acquisitions and one-off tax adjustments, and is significantly higher than the corresponding period mainly due to impairments included in the previous year," explained Santos.

The Santos low-cost operating model delivered cash flow breakeven of US$21 per barrel of oil in 2021 and the Board resolved to pay a final dividend of US$0.85 cents per share, 70 percent higher than the previous final dividend.

Santos said the results reflected significantly higher oil and LNG prices compared with 2020 due to the recovery in global energy demand amid supply constraints from lower capital investment through the Covid-19 pandemic.

The earnings contained three weeks contribution from the Oil Search assets.

"The highlight of the year was the completion of our merger with Oil Search," said Santos Chief Executive Kevin Gallagher.

The CEO stated that the merger would drive "unrivalled growth opportunities" over the next decade. ■

ABS sees debut of bulk carrier fleet for iron ore

The American Bureau of Shipping, the US classification society, said the first liquefied natural gas-powered Newcastlemax bulk carrier in an order of 13 ABS-classed vessels for Eastern Pacific Shipping has been fuelled with LNG in a bunkering operation at Singapore, and was now heading for Australia to load iron ore for Asia.

The 209,936 DWT dual-fuel vessel, "Mount Tourmaline", was built by Shanghai Waigaoqiao Shipbuilding Co. in China and delivered to Eastern Pacific on January 28, 2022.

"ABS is proud to be able to use our extensive experience of LNG as a marine fuel to support Eastern Pacific with its decarbonization strategy," said Christopher J. Wiernicki, ABS Chairman, President and Chief Executive at the Houston, Texas-based class society.

"The vessel's first fueling with LNG is a significant moment in the project to deliver 13 of these innovative vessels which, together, will represent a significant reduction in carbon emissions and cleaner operations," added Wiernicki.

The bunkering took place using the first LNG bunker vessel in Singapore, the "FueLNG Bellina", a joint shipping venture between Shell Eastern Petroleum and Singapore's Keppel Offshore & Marine.

The "Mount Tourmaline", was scheduled to arrive at Port Hedland in Western Australia on February 14, according to shipping data.

Port Hedland, the world's largest bulk export port, is where the iron-ore loading operations of the charterer, commodities company BHP, are based.

Cargoes from Australia were fewer in January and none reached Europe

LNG News Editor

Australia shipped fewer liquefied natural gas cargoes in January than it did in the previous month with demand ebbing in North Asia as inventories grew and spot cargo prices increased, though the rise of European values did not attract any Australian shipments.

Australia delivered 96 cargoes in January 2022 versus 105 cargoes shipped in December 2021, also amid short-term outages at the North West Shelf and Wheatstone LNG export plants in Western Australia, as well as repair work at the Gorgon facility on Barrow Island.

Woodside's Pluto LNG export plant is being expanded

Customers

"The cargoes delivered in January went to all the usual countries in Asia," said Australian consultancy firm EnergyQuest in its monthly market outlook.

"There was no sign of any Australian cargoes heading to Europe. Although European prices were occasionally higher than Asian prices, the difference was not enough to make the longer trip worthwhile," explained the report.

The report, which also gave an overview of the domestic natural gas market and prices, emphasized that cargoes heading to Asia were "enormously profitable", even those sold on oil-linked prices.

EnergyQuest said that this was already apparent in the fourth-quarter reports from Australian LNG exporting companies Origin Energy, Santos and Woodside, with average realised LNG prices of US$11.80 per million British thermal units, US$13.64 per MMBtu and US$16.00 per MMBtu respectively, depending on their exposure to spot sales.

"At these prices individual cargoes were worth US$42 million to US$56M each," said the report.

"The good fortune continued into January, with oil prices continuing to increase and high spot prices being maintained," it added.

Notwithstanding high international gas prices and near-record LNG exports from the three East Coast LNG plants on Curtis Island near Gladstone in Queensland short-term gas prices actually fell, from between A$11 (about US$8.27 per MMBtu) and A$12 per gigajoule in December to between A$8 and A$9 per GJ in January.

Beach Energy posts a jump in net profits and East Coast boost

Beach Energy, the Australian oil and gas company and newest prospective LNG exporter from the onshore Perth Basin, has posted a jump in fiscal half-year net profit after tax as it made progress on its LNG export project and the provision of offshore natural gas to the East Coast market.

Beach reported a 66 percent increase in profits of A$213 million (US$151.7M) compared with the fiscal first-half of the previous year.

Interim CEO

Beach Energy Acting Chief Executive Morné Engelbrecht said the period marked steady progress in Beach's major projects in the Perth and Victorian Otway basins, as well as the Kupe gas plant returning to nameplate capacity.

"Delivering on this phase of our growth means we are making progress towards our production target of 28 million barrels of oil equivalent in FY 2024," declared Engelbrecht.

The Acting CEO said this pivotal year had seen the LNG heads of agreement signed with UK major BP for Beach's 3.75 million tonnes from the Waitsia Stage 2 project in the Perth Basin.

Beach also connected its first Otway offshore wells to the East Coast natural gas market.

Beach reported delivered first gas from the Otway offshore (South Australia) campaign from the Geographe 4 and 5 wells.

"Our balance sheet remains in great shape as we retain a net cash position, and we are well placed to deliver on the next stage of our growth agenda," added Engelbrecht.

"The second half of FY22 remains a busy period with activity across the portfolio, and we are looking forward to the forthcoming Western Flank oil exploration campaign – in which any success would sit above our base-case target," he said.

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NEWS BRIEFS

Engie profits return

Engie, the France-based European utility company, reported an annual profit of €3.7 billion ($4.2Bln) compared with a loss of €1.5Bln in 2020 as the natural gas and power network businesses improved and nuclear turned a profit while renewables were disappointing given the amount of investment and promotion. The utility's profits came from a surge in revenues of more than 30 percent to €57.9Bln, up from €44.3Bln in the previous year. Net debt rose by €900M to €38.3Bln at the end of the fourth quarter. French natural gas network has 39,400 kilometres of gas transmission lines and delivered high levels of reliability and solid operational performance.

Funds back Cheniere

Cheniere Energy, the operator of the now enlarged Sabine Pass plant in Louisiana with six liquefaction Trains and the Corpus Christi facility in Texas, has seen its shares rise to all-time highs and become a favoured stock for investment fund managers. The Cheniere Energy shares, listed on the New York Stock Exchange American board, have hit a low in the past year of $65.23 a share and have since risen to an all-time high of $121.31 per share.

Peru plant on track

The Peru LNG export plant at Pampa Melchorita on the Pacific Coast appears to be back on track after exporting six cargoes in January 2022. The shipments included two delivered to the UK, two to Japan, one to Taiwan and one to South Korea. The first February cargo was lifted by the 135,350 cubic metres capacity carrier "Sestao Knutsen" and the shipment was heading for Taiwan.

Malaysia's MISC posts rise in LNG and gas shipping earnings and oil fleet expects improvement during second half

LNG News Editor

MISC Group, the Malaysian shipping and engineering company with 32 LNG carriers in its operations and six ethane carriers, posted an increase in annual revenues and LNG shipping earnings rose.

Annual revenues for the whole group amounted to 10.67 billion Malaysian ringgit ($2.54Bln) compared with 9.40Bln ringgit ($2.24Bln) in 2020.

Four units

MISC has four divisions, including LNG and ethane shipping, the petroleum and products fleet, the offshore business and marine and heavy engineering.

The company's fourth-quarter revenues came to 3.08Bln ringgit ($736M) versus 2.64Bln ringgit (630M).

In LNG and gas shipping MISC revenues increased by 8.7 percent to 2.88Bln ringgit ($688 million) from 2.65Bln ringgit ($633M), attributed to the delivery of five Very Large Ethane Carriers (VLECs) since the fourth quarter of 2020.

LNG and gas operating profits rose by 5 percent to 1.25Bln ringgit ($298M) versus 1.91Bln ringgit ($284M) previously.

Overall annual profits for the four divisions slipped to 1.95Bln ringgit ($465M) compared with 2.02Bln ringgit ($482M) in 2020.

"In the LNG shipping market, spot rates jumped to a record high in the fourth quarter of 2021 on strong winter demand for LNG in Asia and Europe, amidst shortages and elevated prices of natural gas," said MISC.

Company is confident an fleet's profit-making capability

"Spot charter rates were also driven by tight vessel availability, exacerbated by increased shipping distances as US LNG supply was pulled into the Far East, as well as congestion at the Panama Canal," added the Kuala Lumpur-based company.

"Although spot rates have since eased moving into 2022, the medium-term outlook for LNG shipping remains favourable as reflected by the record number of new LNG carriers ordered in 2021," stated MISC.

The company, which also has a chartered LNG bunkering vessel, said its operating income in the Gas Assets shipping division continues to be stable, supported by its existing portfolio of long-term charters.

"The petroleum shipping market was challenged by low freight rates although there were some modest improvement in the fourth quarter of 2021," said MISC.

"Despite continuing oil demand recovery and easing of production cuts by OPEC+ in 2021, seaborne trading volumes have remained below pre-pandemic levels, while the tanker fleet has continued to grow, albeit slowly," added the company.

MISC has an oil taker fleet of 69 vessels of various capacities, including 25 Aframax tankers, eight very large crude carriers, six Suezmax vessels and various classes of products and chemical carriers as well as shuttle tankers.

"There were higher freight rates in the Aframax segment and higher earning days for Dynamic Positioning Shuttle Tankers," said MISC.

Tanker profit

The Petroleum and Product Shipping unite recorded a small operating profit compared with a previous loss.

MISC believes the tanker market fundamentals will improve further in 2022, especially towards the second half.

"Given the uncertain landscape, the Petroleum Shipping segment will continue to focus on building long-term secured income through its niche shuttle tanker business and rejuvenation of its fleet with eco-friendly tankers," it added.

> **"Although spot rates have since eased moving into 2022, the medium-term outlook for LNG shipping remains favourable as reflected by the record number of new LNG carriers ordered in 2021"**
>
> *- MISC*

Royal Vopak earnings rise along with Dutch gas supply role while Hong Kong LNG start-up nears

LNG News Editor

Royal Vopak, the Netherlands-based global storage company with four stakes in liquefied natural gas terminals and a new LNG import project for Hong Kong, reported a 7 percent increase in earnings to €827 million ($940M) from €780M in the previous year as soft business conditions persisted in energy storage.

"Proportional occupancy rate of 88 percent (2020: 90 percent) reflected soft market conditions in oil and chemicals in the Netherlands and Singapore," said Vopak.

Terminals

Vopak's minority income comes from LNG terminal stakes in the Dutch Gate facility in the port of Rotterdam, the Altamira terminal in Mexico, the Engro Elengy terminal in Port Qasim in Pakistan and an LNG terminal in the South American nation of Colombia.

As regards Vopak's LNG project in Hong Kong, it is a joint venture with Japanese shipping line Mitsui OSK Lines to jointly own and operate a floating storage and regasification unit (FSRU) in the former British colony.

"In 2022, growth investments are expected to be below €300 million," said Vopak.

"The allocation of these investments will be through existing committed projects, new business development and pre-Final Investment Decision feasibility studies in new energies including hydrogen, the planned Aegis Vopak transaction and the investment related to the new LNG terminal in Hong Kong in 2022," the company explained.

'MOL FSRU Challenger' vessel to be Hong Kong terminal

Vopak Chief Executive Dick Richelle said in his earnings statement that 2021, like 2020, was an atypical year due to the Covid-19 pandemic with high volatility and lower demand for storage across the industry due to tight supplies.

Delivering

"Vopak has again proven its resilience and ability to continue delivering while adapting to change and further improving our performance in safety and service to our best level yet. We delivered close to record high EBITDA and continued the delivery of the growth projects," stated the CEO.

"We reached new milestones in industrial terminals, mainly on the US Gulf Coast and China," he added.

Vopak said it delivered new storage capacity and infrastructure in main industrial clusters in Belgium, Mexico, the USA, the Netherlands and Australia.

"Gate terminal, our successful joint venture with Gasunie for LNG in Rotterdam, is making an important contribution to the security of natural gas supplies in the Netherlands and Northwest Europe supplying the equivalent of 25 percent of the Netherlands' gas needs," said CEO Richelle.

The Gate terminal will also have 12.5 percent of additional send-out capacity to serve increased Dutch gas demand by the end of 2024.

Vopak is also working to progress towards starting up a new joint venture in India in 2022 for liquefied petroleum gas.

LPG India

"As the Indian government has earmarked LPG to provide cleaner and safe cooking fuels for households, we are joining forces with Aegis to create one of the largest independent tank storage companies for LPG and chemicals in the country," said Richelle.

"We also reached an agreement with Mitsui OSK Lines to jointly own and operate the FSRU for the new offshore LNG terminal in Hong Kong to support Hong Kong Special Administrative Region (HKSAR) government's target to improve air quality and environmental conditions by increasing the percentage of power generation by natural gas," he declared.

In the Hong Kong venture, Vopak has acquired a minority stake in the "MOL FSRU Challenger" whose name will change to "Bauhinia Spirit" before being deployed as the Hong Kong LNG terminal this year.

The FSRU has a storage and regasification capacity of 263,000 cubic metres and 800 million standard cubic feet per day respectively.

Hong Kong services

Under the contract, the joint venture will provide the FSRU as well as jetty operations and maintenance and port services.

The offshore jetty platform for the mooring of the FSRU and LNG carriers will be owned by the Hong Kong Terminal company.

The Hong Kong project's affiliated facilities are now being constructed and the terminal is expected to be operational around mid-2022.

The terminal will be located offshore about 25 kilometres southwest of Hong Kong Island and will provide natural gas for Hong Kong power plants. ■

Flex LNG has 'hot' Nov then Jan is 'ice cold'

Flex LNG, the shipping company with a fleet of 13 carriers, achieved charter equivalent rates of almost $96,000 per day in the fourth quarter to help reach record revenues and net income.

Flex posted an all-time high fourth-quarter net income total of $69.43 million compared with $25.81M in the same three months of 2020.

Quarterly operating revenue jumped to $114.6M versus $67.3M in the prior-year quarter. Annual operating revenue soared to $343.4M for 2021 compared with $164.4M in 2020.

The company, listed on the New York Stock Exchange and the Oslo Børs in Norway and headquartered in Hamilton, Bermuda, reported average TCE rates of $95,908 per day for the fourth quarter compared with $68,341 per day in previous third quarter of 2021.

"We are pleased to deliver knock-out results for the fourth quarter as guided. Fueled by four ships exposed to a red- hot spot market, revenues for the fourth quarter jumped," said Øystein M Kalleklev, Chief Executive of Flex LNG Management AS.

"Our average TCE earnings came in at a solid $95,908 per day, beating the $94,000 per day we managed to achieve during fourth quarter 2019 and close to the $97,571 per day achieved in fourth quarter 2018," stated Kalleklev.

"The spot freight market went from red-hot in November to ice-cold in January, despite elevated gas prices," added the CEO.

"In the past, we had significantly higher spot exposure so by being able to beat previous trading results also reflects that during 2021 we have secured an outstanding portfolio of fixed-hire time charters," explained the CEO. ■

Russian LNG and gas major Novatek reports 60 percent rise in revenues

LNG News Editor

Novatek, the Russian natural gas company and operator of Yamal LNG and the developer of the Arctic LNG II project, reported a more than six-fold rise in annual net profits as global prices soared and storage levels dropped.

The Moscow-based company posted 432.9 billion Russian roubles ($5.7 billion) of profits attributable to shareholders compared with 67.8Bln roubles ($893 million) of profits in the previous year.

Arc7 ice-class module carrier AUDAX delivers process module for Arctic LNG from Tianjin to Murmansk

Joint ventures

Novatek is the largest independent natural gas producer in Russia and started up the Yamal LNG export plant in northern Siberia in 2017 to supply Europe and Asia and is currently building the second LNG joint venture on the Gydan Peninsula.

The company, listed on the Moscow and London stock exchanges, said total revenues and normalized gross income, including its share of joint ventures, amounted to 1,156.7 billion roubles ($15.23Bln) and 748.3Bln roubles ($9.85Bln), representing increases of 62.5 percent and 90.9 percent respectively compared with 2020.

Its upstream activities are concentrated in joint ventures in the prolific Yamal-Nenets Region, the world's largest natural gas producing area, accounting for about 80 percent of Russia's gas production and around 15 percent of the world's gas output.

"The increases in total revenues and normalized EBITDA were largely due to an increase in global commodity prices for hydrocarbons, as well as the launch of gas condensate deposits within the fields of the North-Russkiy cluster," said Novatek.

The company explained that European and Asian natural gas markets were impacted by faster than expected recovery of demand after the Covid-19 pandemic, the declared energy transition policy, as well as weather factors and supply disruptions.

"All this caused storage level reductions in key consuming regions and a strong price rally in the second half of 2021," it added. ■

Gazprom sees fall in natural gas debts among its Moscow domestic consumers

Russian pipeline natural gas and LNG supplier Gazprom said overdue debt of Russian consumers for natural gas supplies over the past year amounted to 172.5 billion Russian roubles ($2.27Bln) with the biggest debts being in Moscow.

Gazprom said the accumulated debt was slightly lower than the previous year by 5.9Bln roubles ($77.7 million). The Gazprom board heard that current gas payments via digital services grew by almost 1.5 times which improved "payment discipline" with regard to domestic gas supplies.

Measures

"Measures taken to recover the debt for the gas supplied included interaction with government authorities to perfect the current legislation that regulates the procedure of paying for gas," said the company.

Russian consumers in 2021 saw the company significantly ramp up its gas supplies by more than 12 percent as demand rose in the domestic market.

Gazprom's data showed it supplied 257.8 billion cubic metres to the domestic market from the gas transmission system. This was the highest level since 2013 and an increase of 31.9 Bcm compared with 2020.

"The company continues to take measures to reduce the overdue consumer debt for gas supplies, which remains a key problem in the domestic gas market," said the statement from the St Petersburg-based company.

"As many as 62 constituent entities of the Russian Federation reduced their debt to Gazprom last year (against 50 regions in 2020)," it added.

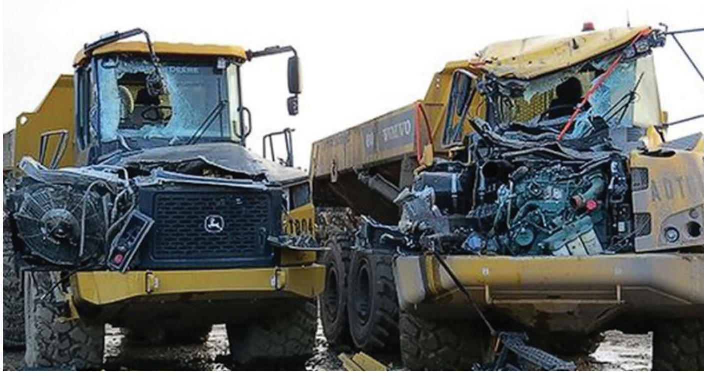
In absolute terms, the biggest reductions were achieved in Moscow and in the regions of Kemerovo, Samara, Krasnodar Territory and the Penza Region.

Decreases in overdue debt were observed for most consumer groups, including heat suppliers. ■

Coastal GasLink for LNG Canada is 60 percent complete amid concern after extremists attack

TC Energy, the North American pipelines group, posted lower net income amid higher revenues and its Coastal GasLink feed-gas pipeline from the Montney Shale to Kitimat is almost 60 percent complete.

However, in a separate development the project was attacked by extremists on February 17 when the Coastal GasLink subsidiary of TC Energy said millions of dollars in damage were caused. No workers were injured.



Coast GasLink trucks damaged in an extremist attack

Costs rise

In its earnings statement, TC Energy said that the entire route has been cleared and graded and more than 240 kilometres (149 miles) of pipeline has been installed, with reclamation activities underway in many areas.

"We continue to expect project costs to increase significantly along with a delay to project completion compared to the original project cost and schedule," said TC Energy.

"Coastal GasLink has sought to mitigate cost increases and schedule delays and will continue to do so," it added.

"The ultimate level of debt financing and the amounts to be contributed as equity by Coastal GasLink LP partners, including us, will be determined by the substance of a resolution with LNG Canada," stated TC Energy.

During this time, in addition to using funds from its C$6.8 billion project-level credit facility and the recovery of construction carrying costs from LNG Canada, construction is also being funded in part by a subordinated demand revolving facility with TC Energy which has a current capacity of C$500 million and provides the project with additional short-term funding and financial flexibility.

At December 31, 2021, C$1 million was outstanding on this revolving facility.

TC Energy reported net income in the fourth quarter was C$1.11Bln (US$875 million) compared with C$1.12Bln in the same three months of 2020.

Annual net income dropped to C$1.81Bln versus C$4.45Bln in 2020. Revenues for the year increased by 2.6 percent to C$13.38Bln (US$10.50Bln) compared with C$12.999Bln in the previous year.

Gross earnings for the year from the US Pipelines division, including Columbia Pipeline, ANR Pipeline, Columbia Gulf and Great Lakes, amounted to US$3.075Bln versus US$2.714Bln in 2020.

Annual gross earnings from Mexican Pipelines stakes such as Sur de Texas, Guadalajara and Mazatlán fell to US$602 compared with US$666 in the previous year.

In other Canadian Natural Gas Pipelines activities, the NGTL System placed about C$1.1 billion of capacity projects in service.

Pipeline asset values

TC Energy said its US Pipeline network had an asset value of C$45.502Bln at the end of 2021, while Canadian Pipelines were worth C$25.213Bln and Mexican Pipelines C$7.547Bln.

LNG may be sought after but Canadian regulators formally reject LNG export project for Québec

The Ottawa-based Impact Assessment Agency of Canada has formally rejected the Énergie Saguenay Project proposed by GNL Québec to export abundant Canadian natural gas as LNG from a liquefaction and export plant in the French-speaking province.

The IAAC concluded in its Environmental Assessment that Énergie Saguenay was likely to cause significant adverse environmental effects with more greenhouse-gas emissions and be harmful to marine mammals, including the St. Lawrence River beluga whale and to the cultural heritage of the Innu First Nations.

In light of these adverse findings, the project was referred to the Governor in Council to determine whether these environmental effects were justified in the circumstances.

Governor in Council (GIC) appointments are made by the Governor General acting on the advice of Canadian Cabinet.

The 30th and current Canadian Governor General is Mary Simon, an Inuk First Nation leader from Nunavik in Quebec, the first Indigenous person to hold the office.

"After careful deliberation and review of available and relevant information, the Governor in Council determined the potential significant adverse effects of the project are not justified in the circumstances," said the judgment.

The Canadian Minister of Environment and Climate Change has now issued a Decision Statement to this effect.

"The Government of Canada's decision on the project means the required federal authorizations cannot be granted. GNL Québec cannot proceed with the project without authorizations from the federal government," said the IAAC.

Net-zero versus economy

"This decision does not prevent GNL Québec from submitting new project proposals. The Government of Canada will continue to support the natural resources sector across the country to stimulate growth and create jobs in a sustainable way," the agency added.

The Government thanked all participants for their "invaluable comments" received throughout the environmental assessment process.

"Decisions must also balance both economic and environmental considerations, and respect the rights of Indigenous Peoples," said Steven Guilbeault, Minister of Environment and Climate Change.

"The Énergie Saguenay Project underwent a rigorous review that clearly demonstrates that the negative effects the project would have on the environment are in no way justifiable," stated Guilbeault.

"The government will continue working with Saguenay communities and prospective investors on environmentally sustainable projects that deliver economic benefits for the region," the minister added.

The GNL Québec project was proposed for the district of La Baie in Saguenay City, Québec.