LNG Unlimited

LNG JOURNAL PUBLICATION 15 November 2022

Chart Industries to acquire UK's Howden for $4.4Bln in cash-shares

Scottish company will be merged with growing US clean energy firm

LNG News Editor

Chart Industries, the US LNG equipment-maker and industrial gases and clean energy company, has signed definitive agreements to acquire Howden, a leading UK-based global provider air and gas handling products and services, for a purchase price of $4.4 billion from affiliates of KPS Capital Partners LP.

Chart, based in Atlanta, Georgia, said the acquisition would be funded through a combination of cash and shares of a newly created class of preferred stock.

"The acquisition is subject to the receipt of certain regulatory approvals and the satisfaction of other customary closing conditions and is expected to close in the first half of 2023," said a Chart statement.

The acquisition will result in estimated combined revenue of around $3.4Bln based on the previous 12 months as of August 31, 2022.

Offerings

In the LNG sector alone, Chart has become a leading supplier of technology for major LNG projects under construction on the US Gulf Coast and is involved in providing regasification and LNG transportation equipment around the world, including in Europe and Asia.

Howden manufactures a complete portfolio of rotating equipment products, including compressors, blowers, fans, rotary heaters and steam turbines.

The UK company is headquartered in Renfrew, Scotland, and employs more than 6,500 people globally in 35 countries, including more than 750 engineers.

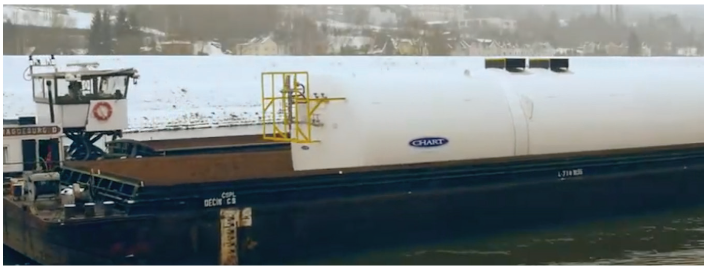


Chart supplies engineered containers for LNG and other fuels

New York-based fund KPS acquired Howden in 2019 from Colfax Corp. in a highly complex global corporate carve-out transaction.

KPS then assembled a management team, led by Chief Executive Ross Shuster, to lead the transformation of Howden into a large-scale, leading global air and gas handling platform.

"In just over three years of ownership, KPS, in partnership with management, successfully transformed Howden into a fully independent, fast-growing company focused on innovation," explained KPS in commenting on Howden's acquisition by Chart.

A Chart statement said that the purchase price represented 12.9-time Howden's adjusted gross earnings for the 12 months to August, or 8.5-times including estimated annual cost synergies of $175M to be achieved in the first 12 months of ownership.

"Chart has identified significant commercial synergies that are expected to reach $350M annually by year three," added the US company.

Historic company

"With over 160 years of experience as a world-class application engineering and manufacturing company, Howden enables customers to achieve environmental and operational targets and efficiencies, including decarbonization of operations," added the statement.

"The combination of Chart and Howden furthers our global leadership position in highly engineered process technologies and products serving the Nexus of Clean™ – clean power, clean water, clean food and clean industrials," said Jill Evanko, Chart's CEO and President

"The offerings of Chart and Howden are highly complementary, bringing multiple cost synergies, commercial synergies and efficiencies in the first year, along with significant aftermarket, service and repair exposure, which lifts the margin profile of the combined business, adds resiliency and broadens our end markets," stated Evanko.

"The two companies have shared customer-centric values and are both very committed to innovation which will result in expanded reach into global markets and acceleration in product development," declared the Chart CEO.

Howden CEO Shuster said he was thrilled that Chart had agreed to acquire Howden as the acquisition would provide benefits for both businesses, as well as their employees and customers.

"Over the past years, Howden and Chart have worked together on various projects and through these activities we have witnessed first-hand the potential synergies of this combination, as well as the aligned values and cultures of the two companies," stated Shuster. ■

UNLIMITED AGENDA

TC Energy reports strong earnings and progress on feed-gas pipelines for US and Canadian LNG

LNG News Editor

TC Energy, the Canadian natural gas pipeline company, reported strong third-quarter results and progress on supplying US Gulf Coast LNG plants, the LNG Canada project and has new joint venture plans for Mexico.

Third-quarter net income came to C$841 million (US$625M) compared with $779M in the same three months of 2021.

Louisiana Xpress

TC Energy said its Louisiana XPress pipeline, a Columbia Gulf project, was phased into service during the quarter and has increased market share from 25 percent to about 30 percent of volumes destined for export from third-party US LNG facilities.

The Calgary, Alberta-based company's US Natural Gas Pipelines flows averaged 25.8 billion cubic feet per day, up 6 percent compared with the third quarter of 2021.

Pipeline segment earnings came to C$1.78 billion in the quarter versus C$1.54Bln the prior-year quarter.

TC Energy added that after the third quarter, in November 2022, the Gillis Access Project was sanctioned for development.

This is a 1.5 Bcf per day greenfield pipeline system that will connect supplies from the Haynesville basin at Gillis to markets elsewhere in Louisiana.

"The 42-mile Louisiana header system will also enable the rapidly growing Louisiana LNG export market to access Haynesville-sourced gas production as well as create a platform for further growth into the southeast Louisiana markets," explained TC Energy.

"The Gillis project has an anticipated in-service date in 2024 and a total estimated cost of US$400M," added the company.

TC Energy said quarterly highlights included completion of new accords on the Coastal GasLink from northeast British Columbia to the LNG Canada export project at Kitimat to be operated by Shell.

"Coastal GasLink LP executed definitive agreements with LNG Canada that addressed and resolved disputes over certain incurred and anticipated costs of the Coastal GasLink pipeline project," said TC Energy.

"The revised project agreements incorporate a new cost estimate for the project of $11.2Bln, which reflects an increase from the original project cost estimate due to scope increases and the impacts of Covid-19, weather and other events outside of Coastal GasLink LP's control," stated the company.

"Current market conditions, including inflationary impacts on labour costs, could result in final project costs that are higher than this new estimate. Mechanical in-service is expected to be reached by the end of 2023," added TC Energy.

Agreements finalized for Coast GasLink to LNG Canada plant

Mexican projects

In TC Energy's Mexico Natural Gas Pipelines division the company signed a strategic alliance in August with the Comisión Federal de Electricidad (CFE), the state-owned electric utility.

Their plans include the development of new natural gas infrastructure in central and southeast Mexico.

"In connection with the strategic alliance, we reached an FID to proceed and build the Southeast Gateway pipeline, a 1.3 Bcf per day, 715-km offshore natural gas pipeline to serve the southeast region of Mexico with an expected in-service by mid-2025 and an estimated project cost of US$4.5 billion," said TC Energy.

LNG floating terminals provider Excelerate Energy advances with projects EU projects

Excelerate Energy, the leading US-based LNG terminal provider in the form of floating storage and regasification units, reported much improved third-quarter results and higher future earnings prospects as projects advanced for Germany and Finland.

Excelerate posted net income for the three months to the end of September of $37.3 million compared with $1.4M in the 2021 quarter.

EU FLNG

Revenues for Excelerate in the quarter showed a more than four-fold increase to $803.3M versus $192.1M in the same period last year.

The Texas-based company later confirmed at the end of the quarter the start of the charter process for a project serving Finland and the Baltic state of Estonia.

The Texas-based company also signed a definitive agreement to deploy the FSRU "Excelsior" to Germany for five years.

Excelerate's "Exemplar" completed another winter season delivering LNG regasification services to Argentina and in August departed the port of Bahia Blanca and sailed to Europe for maintenance and winterization.

The FSRU "Exemplar" was first delivered in 2010 and is 291 metres in length and with a beam of 43 metres and capacity of 151,000 cubic metres.

"Finland's charter hire commenced in October and winterization upgrades for the 'Exemplar' are ongoing," said Excelerate.

"The 'Exemplar' is currently undergoing customer-requested winterization upgrades during a technical stop at the Navantia shipyard in Ferrol (northwest Spain)," said Excelerate

Excelerate and Gasgrid Finland previously announced an executed 10-year, time charter party agreement for Excelerate to provide LNG regasification services, which are expected to commence in the fourth quarter of 2022.

For the German agreement, the "Excelsior" is expected to provide regasification services at Germany's planned LNG import terminal being developed at the North Sea port of Wilhelmshaven by developer Tree Energy Solutions and the German and French utilities E.ON and Engie.

"Excelerate previously announced that the company and Engie signed a term sheet for the deployment of an FSRU to provide flexible and secure LNG regasification capacity for Germany as it continues to seek alternatives to Russian pipeline gas supply," said Excelerate.

Inpex posts profits rise amid Abadi LNG plans

Inpex Corp., Japan's largest oil and natural gas exploration and production company and an LNG plant operator and developer, reported a doubling of earnings because of higher prices as projects advanced, including an LNG project in Indonesia.

Inpex operates the Ichthys LNG export plant in Australia's Northern Territory and it currently supplies about 10 percent of Japan's LNG.

The company is also finalizing its revised development plan for the Abadi LNG export project in Indonesia to include carbon-capture facilities.

The Tokyo-based company's nine-month net income rose by 92 percent to 269.42 billion yen ($1.83Bln) during the period from 137.72Bln yen ($938.2 million) last year.

Total net sales for the nine months to the end of September increased by 849.5 billion yen ($5.78Bln) to 1.69 trillion yen ($11.57Bln) due to an increase in prices of crude oil and natural gas.

Inpex earned 362.24 billion yen ($2.46Bln) from sales of natural gas, including LNG, compared with 210.25Bln yen ($1.43Bln) in the same period of 2021 as prices jumped.

The company said its total natural gas production fell in the first nine months to 317.6 billion cubic feet from 331.1 Bcf in the same period last year.

Inpex's crude oil production rose to 106.2 million barrels from 89.9 million barrels in the prior-year period.

Inpex is planning to build an Asian LNG export plant by 2028 on Yamdena Island in a joint venture with Shell Plc using feed-gas from the Abadi gas field in the Masela Block of Indonesia's Arafura Sea. ■

US forecasts further rise in LNG exports while Henry Hub falls

LNG News Editor

The US Government has reduced its previous benchmark Henry Hub price forecast my over $1 per million British thermal units while LNG exports are set to rise and American consumers will pay 45 percent more for their winter heating oil compared with last winter.

Gross LNG exports numbers, given as billion cubic feet per day, will increase in 2023 to 12.3 Bcf per day, up from 10.8 Bcf in 2022 and 9.8 Bcf in 2021, according to the Short-Term Energy Outlook just published by the Energy Information Administration.

More natural gas will flow to LNG export plants in 2023

Freeport issue

"We expect inventory draws in December and January to outpace the five-year average, driven by a seasonal decline in natural gas production, rising demand for space heating and increases in LNG exports that largely result from the return of Freeport LNG," said the Outlook in reference to the facility in Texas shut down after a fire in June.

"Although any delay in the return of Freeport LNG could contribute to some downward price pressures in the near term, these factors will likely limit any downward price pressures this winter, and the possibility for price spikes and volatility in the case of extremely cold weather is high," it stated.

"Price spikes could affect both Henry Hub and regional pricing hubs, particularly in New England. Price spikes will have a limited effect on retail natural gas prices this winter, as there is typically a delay between changes in wholesale and retail prices for natural gas," added the report.

The average 2022 Henry Hub price is forecast at $6.49 per MMBtu, falling to $5.46 per MMBtu in 2023.

"Because of higher-than-expected storage levels heading into winter our forecast natural gas spot price at Henry Hub averages about $6 per MMBtu across the fourth quarter and the first quarter of 2023, which is more than $1/MMBtu lower than we forecast in October," said the EIA. ■

Indonesian pipeline gas project to compete with LNG in Singapore

Empyrean Energy, the London Stock Exchange-listed oil and gas development company with interests in China, Indonesia and the US, said the plan of development for an Indonesian project has been approved and will supply pipeline gas to Singapore in competition to LNG.

The Indonesian Ministry of Energy and Mineral Resources has approved the updated plan of development for the Mako gas project within the Duyung production sharing contract (PSC).

The Mako development is based on contingent Duyung PSC resources of 384 billion cubic feet gross and with 297 Bcf net attributable to the Duyung joint venture.

"The Indonesian government also approved the export of up to 100 percent of the gas production to Singapore," said the Empyrean statement.

The operator is targeting production from the Mako gas project to commence in 2025 with up to 120 million cubic feet of gas per day.

The gas will supply Singapore through an existing pipeline in competition to the LNG cargoes delivered to the Jurong Island LNG import terminal in the Asian city state.

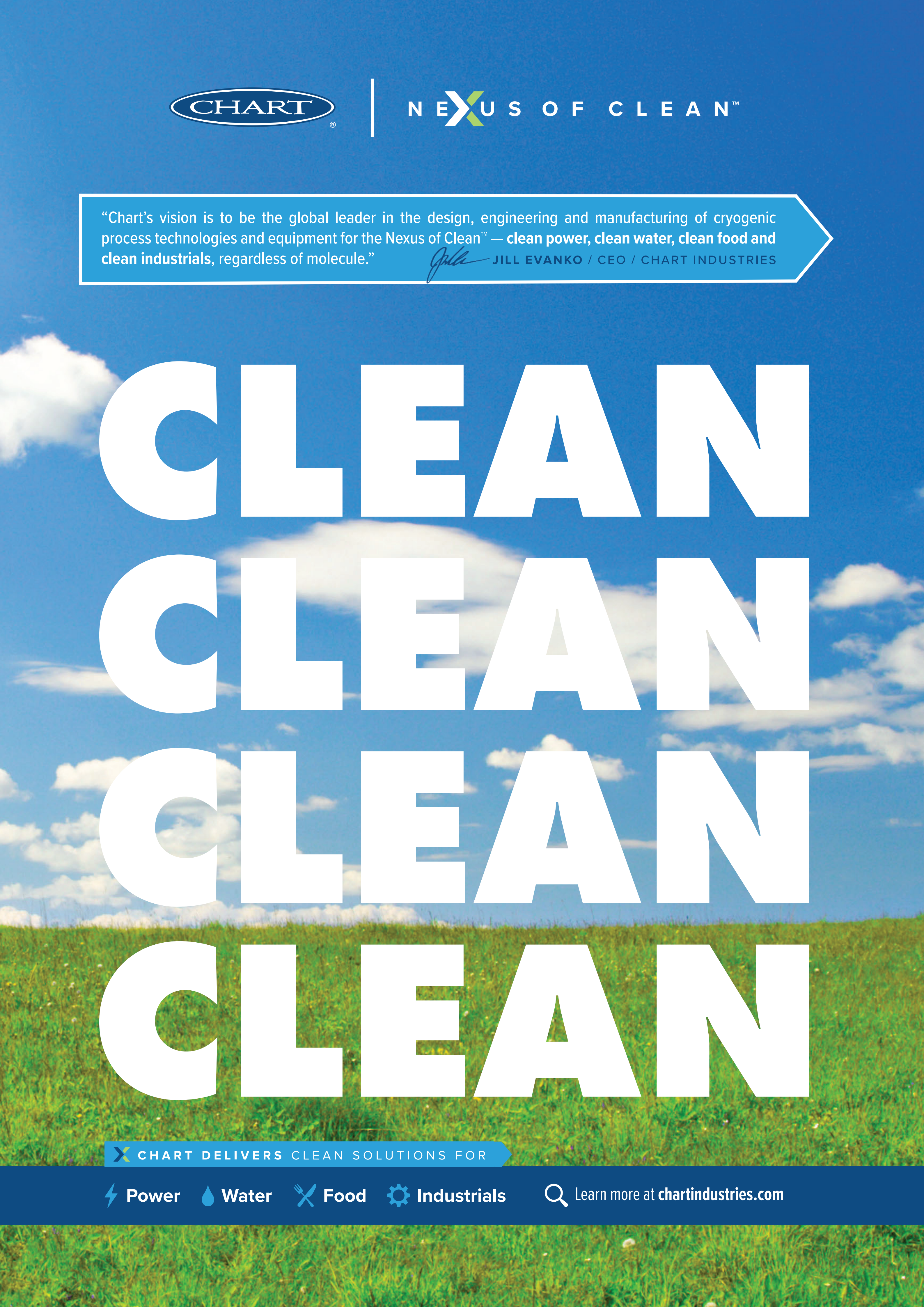
Empyrean holds an 8.5 percent interest in the Duyung PSC in which the Mako gas project is located.

"Development of the Mako gas project will be in line with Indonesia's stated objective of doubling domestic gas production by 2030," said Empyrean.

"The award of the revised plan represents a material event in progressing the Mako gas project which is currently the largest undeveloped gas field in South Natuna Sea," added Empyrean, whose regional headquarters are in Australia,

The operator of the Duyung PSC is West Natuna Exploration Ltd, a subsidiary of Conrad Asia Energy with a 76.5 percent interest in the Duyung resources. Another 15 percent interest is held by Coro Energy Plc and the balance by Empyrean.

The company explained that at present, there was no infrastructure to transmit gas from the Mako field to domestic markets in Indonesia, and hence the plan for exports of production to Singapore, which is already connected to the West Natuna Gas Transportation System. ■


CHART®
NEXUS OF CLEAN™
"Chart's vision is to be the global leader in the design, engineering and manufacturing of cryogenic process technologies and equipment for the Nexus of Clean™ — clean power, clean water, clean food and clean industrials, regardless of molecule."
JILL EVANKO / CEO / CHART INDUSTRIES
CLEAN
CLEAN
CLEAN
CLEAN
CHART DELIVERS CLEAN SOLUTIONS FOR
Power
Water
Food
Industrials
Learn more at chartindustries.com

NEWS NUDGES

UK LNG reliance

National Grid plc, owner of the UK Isle of Grain LNG import terminal on the Medway River in Kent, reiterated the importance of LNG deliveries this winter. It said the scenarios facing the UK's Gas System Operator are all dependent on flexible sources of imported gas supplies throughout winter, particularly LNG. "Gas infrastructure in Great Britain has sufficient capability to meet peak demand this winter, but the outlook underlines the importance of imported gas throughout to meet demand. A potential shortfall in European gas supplies could impact the ability for the UK to import gas should it be required. The GSO has the physical, commercial and market based tools to manage a supply and demand imbalance, including those related to a Gas Supply Emergency, should it be necessary," said the company .

Gate LNG Boost

Royal Vopak, the Dutch storage company and shareholder in the Gate LNG import terminal in Rotterdam, reported a growing footprint in industrial terminals in China and increased send-out capacity at Gate LNG. Vopak posted net profits of €80.5 million ($81.1M) versus €71.2M in the same three months of 2021. Gross earnings in the quarter came to €227.4M compared with €257.3M in the 2021 quarter. Revenues rose to €349.6M from €309.5M in the prior-year quarter.

GTT tanks order

French LNG storage tanks designer GTT received an order from the South Korean Hyundai Heavy Industries shipyard for the design of tanks for a new floating storage and regasification unit (FSRU) ordered by the US floating LNG terminals provider Excelerate Energy. ■

Japanese trading house Mitsubishi boosts profits from LNG and energy amid doubts on Russian Sakhalin plant

LNG News Editor

Mitsubishi Corp., the Japanese trading house with widespread LNG assets from Canada, to the US Gulf Coast to the Asia-Pacific and Russia, said it was retaining its stake for now in the Sakhalin LNG export project in the Russian Far East.

This Mitsubishi Natural Gas division's assets and volumes are concentrated in the Asia-Pacific region, Russia, the US, Canada and Oman.

Group is biggest shareholder in the Donggi Senora LNG plant in Indonesia but only holds 10 percent of Sakhalin export project

Initiatives

"We are working on initiatives to strengthen our existing business platform and develop new projects in traditional LNG-producing countries such as Brunei, Malaysia, Indonesia, Australia and Oman," said the company.

Mitsubishi's project stakes in addition to Sakhalin LNG in Russia include Sempra's Cameron LNG in Louisiana, Shell's LNG Canada project, Brunei LNG, Malaysia LNG, Oman LNG, Tangguh LNG in Indonesia and the Donggi Senora LNG plant, also in Indonesia.

It also has volumes from the Chevron-operated Wheatstone LNG project in Western Australia and the North West Shelf plant operated by Woodside Energy.

"Earnings were increased in the LNG-related business, despite trading losses in the LNG sales business," said Mitsubishi in its fiscal first-half earnings statement.

obal energy companies, Japanese trading houses have benefited from skyrocketing oil, gas and coal prices in 2022.

For the April-September first half, Mitsubishi's net profit nearly doubled to a record 720 billion yen ($4.90Bln), a rise of 97 percent from the 360.56Bln yen ($2.45Bln) logged in the fiscal first half of 2021.

Revenues for the six months came to 10.72 trillion yen ($73.05Bln) compared with 7.72 trillion yen ($57.63Bln) in the first half of 2021.

"This was mainly due to increased market prices and transaction volumes," said Mitsubishi.

"In addition to Natural Gas and Mineral Resources, which were bolstered by market factors, Automotive & Mobility, Power Solution, Industrial Materials and other segments are forecast to see greater earnings than originally forecast," said the company.

Mitsubishi is an investor and trader in LNG along with the other Japanese trading houses such as Mitsui & Co, Marubeni Corp and Sumitomo Corp.

Sakhalin situation

On Russia, Mitsubishi said the company's main business in Russia consists of a financial service business in the Automotive and Mobility segment and investment in the LNG-related business as part of its Natural Gas division.

"As of September 30, 2022, the carrying amount of total assets related to the company's business in Russia was 209.91Bln yen ($1.43Bln)," said Mitsubishi.

"The company holds a 10 percent ownership interest in Sakhalin Energy Investment Company (SEIC), which has been engaged in LNG-related business in Russia, and accounts for this investment as a financial asset," explained Mitsubishi.

It said that based on the Russian Federation presidential decree issued on June 30, 2022 and a further resolution, a new company, Sakhalin Energy LLC (SELLC), was established to take over the operation of this LNG business, and the rights and obligations of SEIC were transferred to SELLC.

"Mitsubishi submitted its notice to continue ownership in the LNG-related business to the Russian government and received approval on August 31, 2022. As a result, the company continues to hold a 10 percent ownership interest in the LNG-related business," it added.

"However, the details related to the operation of SELLC, including the terms of the LLC members agreement, will need to be discussed once the LLC members composition of SELLC will be determined," said Mitsubishi.

"As such, there remains uncertainty surrounding this investment," it declared. ■

Occidental reports strong results to please Warren Buffett amid Algerian gas plan to

LNG News Editor

Occidental Petroleum, the Houston-based company with US oil and gas assets and Warren Buffett as a main shareholder as well as owning Algerian oil and associated natural gas stakes pointing at Europe, reported strong third-quarter results.

The company posted net income for the third quarter of $2.5 billion compared with $628 million in the same three months of 2021.

Operating cash flow came to $4.26Bln versus $2.91Bln in the same quarter of 2021 and $5.32Bln in the previous quarter.

Occidental's realized US prices were $93.43 a barrel for oil, $35.04 for natural gas liquids and $7.06 Mcf for natural gas compared with $68.73, $35.20 and $3.35 Mcf respectively in the 2021 third quarter.

The company – once known for its debt mountain – repaid $1.3Bln of debt during the third quarter, with year-to-date repayments of $9.6Bln representing a 34 percent reduction of total outstanding principal.

Anadarko days

Occidental temporarily declined as a company after winning the bidding against Chevron Corp. in 2019 for Anadarko Petroleum and its Mozambique LNG project stake.

The offer from Occidental was accepted, and Occidental's share price subsequently went into free-fall and its debts accumulated in the next year.

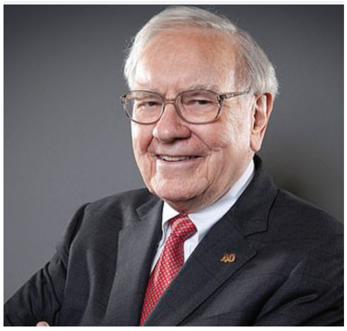
Occidental struggled for several years after that because of the debt taken on in its $38Bln acquisition of Anadarko as this was followed by the mid-March 2020 oil crash and the Covid-19 pandemic.

In a side-deal, TotalEnergies paid $3.9Bln to Occidental to close the acquisition of Anadarko's 26.5 percent operated interest in the Mozambique LNG project, still awaiting development.

US celebrity investor Buffett now owns 20.9 percent of Occidental as well as since July 2020 having a stake acquired from Dominion Energy of US natural gas and energy assets, including control of the Cove Point LNG export plant in Maryland.

Occidental said in its earnings that total average global production rose to 1,180,000 barrels of oil equivalent per day, or Mboed, for the third quarter, up from 1,160 Mboed in the same period a year earlier.

"The excellent operational performance of our businesses in the third quarter was a key driver of our strong financial results, enabling us to raise our full-year guidance for all of our business segments and generate free cash flow to advance our shareholder returns and deleverage our balance sheet," said President and Chief Executive Vicki Hollub.



Buffet's company owns 21 percent of Occidental and LNG assets

"We are close to completing our $3Bln share repurchase program and achieved another debt reduction milestone, with the face value of our debt now below $19Bln," she added.

Oil and gas pre-tax income on continuing operations for the third quarter was $3.3Bln compared to pre-tax income of $4.1Bln for the second quarter.

"Excluding items affecting comparability, the decrease in third quarter oil and gas income compared to the second quarter was due to lower crude oil and natural gas liquids (NGL) prices, partially offset by higher sales volumes across all commodities," said the company.

Permian average production came within guidance with 523 Mboed and international average production came within the high-end of guidance with 236 Mboed.

The Rockies and Gulf of Mexico both exceeded guidance with average production of 270 Mboed and 151 Mboed respectively.

Occidental noted that it had "world-class" reservoirs in Algeria with its gross acres in the Berkine Basin in Eastern Algeria. It is additionally involved in projects in Oman and the United Arab Emirates.

Its Middle East and North African assets produced 496 million cubic feet per day of natural gas during the third quarter, according to the earnings presentation.

Accord

Algerian state company and LNG producer Sonatrach signed a contract worth $4Bln in July 2022 relating to supplying the European Union with natural gas through further development along with Italy's Eni, France's TotalEnergies and Occidental of blocks 404 and 208 of the Berkine Basin.

IEA warns of LNG and pipe gas supply gap

The International Energy Agency (IEA) said it carried out new analysis and identified a challenging 30 billion cubic metres supply-demand gap in the 2023 Northern Hemisphere summer season.

The Paris-based IEA said that the gap would occur at a key time for refilling European Union storage as Russian volumes remained cut off and Chinese LNG imports began to rebound for the 2022 drops.

The IEA repeated its support for governments taking measures to reduce natural gas consumption amid the global energy crisis.

The new report is called "Never Too Early to Prepare for Next Winter: Europe's gas balance for 2023-2024".

It states that gas storage sites in the EU are now 95 full and putting them 5 percent above the five-year average fill level.

However, the report cautions that the cushion provided by current storage levels, as well as recent lower gas prices and unusually mild temperatures, should not lead to overly optimistic conclusions about the future.

"The process of filling EU gas storage sites this year benefitted from key factors that may well not be repeated in 2023," explained the IEA.

"These include Russian pipeline gas deliveries that, although they were cut sharply during 2022, were close to 'normal' levels for much of the first half of the year," added the report.

"Total pipeline supply from Russia to the EU in 2022 is likely to amount to around 60 Bcm, but it is highly unlikely that Russia will deliver another 60 Bcm of pipeline gas in 2023 and Russian deliveries to Europe could halt completely," stated the IEA. ■

Kosmos Energy has 'right strategy at right time' in West Africa LNG

LNG News Editor

Kosmos Energy, the US-based oil and gas development company and shareholder in the BP-led Senegal-Mauritania floating LNG production project offshore West Africa, swung to a third-quarter profit from a previous loss as it advanced with Atlantic-Margin projects in Africa and the Gulf of Mexico.

The Dallas, Texas-based company reported a $222.25 million quarterly net profit from a net loss of $28.59M in the same three months a year ago.

Revenues

Kosmos posted revenues of $456M versus $198.93M in the same quarter last year.

"Kosmos posted another quarter of solid strategic and operational delivery with the company reaching its year-end leverage target ahead of schedule," said Chairman and Chief Executive Andrew G. Inglis.

"Importantly, we continue to make good progress on our three core development projects, Tortue Phase 1 (Senegal-Mauritania), Jubilee Southeast (Ghana) and Winterfell (Gulf of Mexico) which we expect will collectively grow production approximately 50 percent by 2024," stated Kosmos.

"We are also advancing several other gas opportunities in West Africa, which we believe will drive growth beyond 2024 and continue to increase the gas weighting of the portfolio," stated Inglis.

"Demand for energy is growing, particularly in Africa, and Kosmos has the right strategy at the right time to help meet this growing demand while creating value for all of our stakeholders," added the CEO.

Kosmos said it exited the third quarter with $2.1 billion of net debt and had available liquidity of about $1.0Bln.

The company also generated $32 million of free cash flow in the third quarter and around $320M through the first nine months of the year.

Kosmos said that the Phase 1 of the Greater Tortue-Ahmeyim LNG project continues to make good progress and was around 85 percent complete.

Kosmos noted that the floating production, storage and offloading (FPSO) for the FLNG was involved in an incident at the Chinese COSCO shipyard in Qidong at the end of September but all was now well. ■

US-based Kosmos is working with BP on LNG hubs

NYK Line reports surge in energy ship profits and orders more vessels

Nippon Yusen Kabushiki Kaisha, the Japanese shipping company known as NYK Line, increased fiscal first-half profits and revenues from shipping liquefied natural gas and other fuels worldwide as it also ordered five new LNG carriers to add to its fleet of 58 owned and co-owned LNG vessels.

NYK's revenues soared by 30 percent for the six months from April to the end of September 2022 and amounted to 1.36 trillion Japanese yen ($9.31 billion) compared with 1.05 trillion yen ($7.16Bln) in the fiscal first-half of 2021.

Fuel costs

Profits jumped by 71 percent and came to 706.06Bln ($4.81Bln) versus 411.32Bln yen ($2.80Bln) in the same six months of last year.

NYK said the profits grew even as bunkered fuel costs for its fleet of ships jumped by 76 percent year-on-year to average $839.95 per ton versus $477.42 per ton in the same six months of 2021.

The NYK LNG carriers are in the energy fleet of the company's Bulk Shipping division.

The company's fleet comprises 658 owned and co-owned vessels, including in the largest sector 382 bulk carriers, 113 energy tankers and associated vessels, 108 car carriers and 55 containerships.

"In the LNG carriers unit, the results were steady based on support from the long-term contracts that generate stable earnings. Also, in the offshore business, FPSO (Floating Production, Storage and Offloading), drill ship and shuttle tankers were generally steady as expected," said NYK.

Overall Bulk Shipping revenues came to 616.4 billion yen ($4.20Bln) in the six-month period.

In the Very Large Crude Carrier (VLCC) market, NYK said that there was a further rebounded off market lows from July. Then, after oil prices fell in mid-August following the release from the strategic petroleum reserve in the United States, shipments of oil from the Middle East and US in particular rose to destinations in Europe and Asia.

NYK also said that a consortium it is part of had signed a long-term time-charter contract with QatarEnergy for five LNG carriers for delivery between 2025 and 2026 for Qatar's expansion of LNG production. ■

Product line grows for LNG and gas with profits

Intercontinental Exchange, a leading global provider of energy trading platforms for futures and options and which is in the process of launching new LNG futures for Europe, reported strong third-quarter earnings.

ICE, based in Atlanta, Georgia, said net revenues less transaction-based expenses in the third quarter rose to $1.81 billion compared with $1.80Bln in the same quarter of 2021.

Revenues for the nine months to the end of September came to $5.52Bln compared with $5.30Bln in the same period of 2021.

Adjusted net income attributable to ICE was $733M in the third quarter and adjusted diluted earnings per share was $1.31 per share.

However, for the quarter there was a consolidated net loss attributable to ICE of $191M on the $1.8Bln of consolidated revenues, less transaction-based expenses.

The diluted loss per share of $0.34 was primarily due to net losses from Bakkt, the digital assets platform.

ICE is preparing the launch on December 5 of contracts designed to help market participants trade and hedge the difference in price between LNG for delivery in North-West and South-West Europe, versus natural gas provided by pipeline to Europe, as well as LNG across the rest of the world.

The contracts will be cash-settled based on Spark Commodities' price assessments for LNG cargos and priced in US dollars per million British thermal units in line with ICE's existing LNG contracts. ■

ConocoPhillips outlines LNG plans for Texas and Mexican exports and its German terminal agreement

LNG News Editor

ConocoPhillips has increased LNG activities in 2022 and outlined plans for the Port Arthur LNG export plant in Texas and other projects like cargo shipments to Germany and discussed its costs for the Qatar North Field expansion.

ConocoPhillips Chairman and Chief Executive Ryan Lance gave an LNG overview in a conference call following the release of the third-quarter earnings statement.

Highlights

The US major had reported net income of $4.5 billion compared with $2.4Bln in the same three months of 2021 and distributed $4.3Bln to shareholders in the quarter.

The Houston, Texas-based company said one of the highlights was that it accomplished record US production of more than 1 million barrels of oil equivalent per day in the Lower 48 states.

"From a strategic perspective, I wanted to provide an update on our global LNG initiatives," said CEO Lance in his post-earnings call with analysts.

"First, we were recently selected to participate in Qatar's North Field South project, following our selection earlier this year to participate in the North Field East, which adds to our long positive relationship with QatarEnergy," said Lance.

"Second, we agreed to terminal services at the perspective and vital LNG import terminal in Germany," he added.

ConocoPhillips has terminal services in Germany for a 15-year period with German LNG Terminal GmbH at the Brunsbüttel facility on the Elbe River.

"And third, we continue to progress our Port Arthur LNG project with Sempra, which we expect to reach FID by early next year," explained Lance.

The CEO stated how the company believes that the substitution of natural gas in place of coal represents an opportunity for significant reductions in global greenhouse-gas emissions.

Outlook

He expects this energy requirement to drive global LNG demand and related opportunities well into the future, giving the LNG sector a very positive outlook.

"For some context around the company, you know, we've been involved in LNG for a long, long time. You think about our liquefaction technology that has been used by many, many operators around the world today," said Lance.

"We effectively started this business back in the 1960s with our project up in Kenai (Alaska) and delivering, you know, 40 years of gas to our Japan marketing friends," he explained.

"So, we've been in this business for a long time. And then, when you look at the transactions that we've done over the last couple of years and have a growing resource position in the US. So, creating more demand just makes a lot of sense coming out of the US," he added.

Lance said LNG will be vital in the years ahead and cited the company's involvement in other LNG export plants such as its operatorship of Australia-Pacific LNG plant in the state of Queensland.

"Combined with wanting to do something in the US we looked at who we thought was the best positioned with permits and opportunity," said Lance.

"And that's when we decided to join up with Sempra at Port Arthur. And that gives us some optionality also on their West Coast of Mexico (LNG) opportunity that they have as well," added the CEO.

"So, when we looked at all this, trying to build this business for the long term, and complemented now by our German regas opportunity that we've entered into, we want to get into that full value chain," he explained.

Production

"We've got a great commercial organization that can optimize around this. And we just think this is going to be a business that's going to be long term and going to be substantial well into the future," declared Lance.

Other speakers on the conference call included Chief Financial Officer Bill Bullock and Executive Vice President for Global Operations Nick Olds.

"From a financial standpoint, we had a solid third quarter. We generated $3.60 per share in adjusted earnings," said CFO Bullock.

"Production was over 1,750,000 barrels of oil equivalent per day, which included our previously guided approximately 15,000 barrels of oil equivalent per day impact from scheduled turnarounds, as well as some impacts from the temporary 'force majeure' in Libya in July," added the CFO.

"For the fourth quarter. We do not expect any material turnaround impacts. Lower 48 production averaged a record 1,013,000 barrels of oil equivalent per day, including 668,000 from the Permian, 224,000 from the Eagle Ford and 96,000 from the Bakkan. Cash provided from operating activities was $8.7 billion," stated Bullock. ■

US major also operates Australia-Pacific LNG in Queensland

New Fortress Energy boosts earnings and forecasts surge from floating LNG output

LNG News Editor

New Fortress Energy, the US LNG production and import projects developer, reported a jump in revenues and a swing to profits in the third quarter while forecasting bumper earnings from floating LNG production projects.

The company reported revenues in the three months to the end of September of $731.9 million compared with $584.9M in the previous quarter to June and $304.7M in the same three months of 2021.

FLNG units to be built at Kiewit Offshore yard in Texas

Higher goals

NFE posted a net profit in the quarter of $56.23M versus a loss of $178.43M in the previous quarter and a narrower loss of $17.8M in the third quarter of 2021.

The recently announced increase in the 2023 adjusted gross earnings goal is to $2.5 billion-plus from $1.5Bln-plus, rising $4Bln-plus and $5Bln-plus for 2024 and 2025 respectively.

"The increase in 2023 earnings goals is driven primarily by expected deployment of FLNG 1 in the first half of 2023 as well as higher expected operating margins and continued LNG portfolio optimization," said NFE.

At the end of October 2022 NFE also finalized agreements with Mexico's Federal Electricity Commission (CFE), including plans for an offshore LNG production hub near the Gulf of Mexico import terminal at Altamira.

"Construction of our 'Fast LNG' units is progressing rapidly with the first FLNG unit expected to achieve mechanical completion in March 2023 and commence operations by mid-2023," said NFE. "Our 'Fast LNG' units represent more than half of the world's expected incremental LNG supply in 2023-2024, and we expect will be utilized in the near term to address Europe's energy security issues," stated the company.

"We expect our five Fast LNG units under development to add approximately 7-plus million tonnes per annum of new liquefaction capacity by the end of 2024 for a total LNG supply portfolio of approximately 9.5 MTPA," explained NFE.

The New York-based company is in the process of increasing its presence in the Mexican gas market.

"We signed binding agreements with CFE on November 3 in Mexico City for a new FLNG hub at Altamira," said NFE.

Pursuant to the now finalized agreements, NFE will deploy multiple FLNG units of 1.4 million cubic metres capacity each that utilize CFE's existing firm pipeline transportation capacity on Sur de Texas-Tuxpan Pipeline to deliver feed-gas volumes to NFE.

NFE's first FLNG unit, which is under construction at the Kiewit Offshore Services shipyard near Corpus Christi in Texas, is currently expected to achieve mechanical completion in March 2023.

Partnerships

The company also finalized its partnership terms with state-backed energy company Petróleos Mexicanos (Pemex) to jointly develop the Lakach deepwater natural gas field in the Gulf of Mexico and to deploy a "Fast LNG" unit to that location. ■

Energy firm YPF of LNG importer Argentina gives overview of slow market recovery

Argentine state energy company Yacimientos Petroliferos Fiscales (YPF), which has various LNG development and shale gas and oil projects, gave an overview in its latest earnings on the partial recovery from the pandemic of the South American energy market.

YPF posted third-quarter net profits of US$678 million, up from $237M in the same quarter of 2021.

YPY's revenues jumped to $5.17 billion versus $3.62Bln in the same period a year ago.

Prices and demand

Average daily crude oil production remained almost flat while shale production expanded by 4.2 percent and conventional production dropped 2.4 percent because of the natural decline of YPF's mature fields.

YPF's natural gas revenues rose 5.6 percent to $566M from $536M in the prior-year period. The company's crude oil quarterly revenues hit $1.44Bln, up 35.8 percent year-on-year.

Oil and natural gas realization prices increased from the previous quarter.

"Our average realization oil price increased by 3.6 percent quarter on quarter with local fuel price adjustments implemented during the quarter, to about US$67.5 per barrel, although still priced at a discount to export parity," explained YPF.

"On the gas side, the average price for third parties for the quarter was US$4.4 per MMBtu, rising by 13.1 percent from the previous quarter," the company added.

"Shale oil and shale gas production continued delivering healthy growth rates, with 48 percent and 22 percent expansions, respectively, while we continued making progress on operational efficiencies setting new records on fracking and drilling speeds," said YPF.

Natural gas revenues from producers selling to third parties in the domestic market, representing 9.6 percent of total sales, increased by 12.3 percent from the previous quarter.

"Other domestic sales jumped 16.8 percent and this was mainly due to higher sales of jet fuel and natural gas to the retail distribution segment, through our subsidiary Metrogas," said YPF.

Argentine natural gas is exported to Chile using the standalone pipeline, which runs between Argentina's Neuquén Basin and the Vaca Muerta shale-gas fields to the south-central Chilean region of Biobío.

"YPF had higher natural gas exports, which represented almost 4 percent of total natural gas sales as producers sold at a remarkable (regional) price of $7.5 per MMBtu," said the company.

Operating costs

The oil and gas company added that costs had grown as inflation and wages outpaced the devaluation of the Argentine peso along with increased transportation costs and the costs of restarting a refinery after two months of scheduled maintenance. ■