LNG Unlimited

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Pipelines operator Williams enters Gulf Coast LNG deal with Sempra

Tulsa-based group signs accord with Cameron owner for LNG and pipe projects

LNG News Editor

Williams CEO Alan Armstrong has firm in LNG value chain

US LNG company Sempra Infrastructure, the owner of the Cameron export plant in Louisiana and developer of the Port Arthur project in Texas and other ventures in Mexico, has signed a cooperation accord with US pipelines group Williams Companies.

Sempra said it had entered into a heads of agreement with Williams for the offtake of LNG and development of associated natural gas pipeline projects to further connect US supplies in the Gulf Coast region to markets around the world.

Sales accords

"The HOA contemplates negotiation and finalization of two 20-year long-term sale and purchase agreements for approximately 3 million tonnes per annum of LNG in the aggregate from the Port Arthur LNG project under development in Jefferson County, Texas, and the Cameron LNG Phase 2 project under development in Hackberry, Louisiana," Sempra explained.

The LNG unit of San Diego, California-based Sempra added that the accord also opened the way for negotiation of a separate natural gas sales agreement for about 0.5 billion cubic feet per day to be delivered in the Gillis, Louisiana, area as feed gas supply for the referenced LNG projects.

In addition, Sempra Infrastructure and Williams, which is based in Tulsa, Oklahoma, anticipate forming a strategic joint venture to own, expand and operate the existing 2.35 Bcf per day Cameron Interstate Pipeline.

The Cameron Interstate is expected to deliver natural gas to the Cameron LNG Phase 2 project under development as well as the proposed Port Arthur Pipeline Louisiana Connector that is expected to deliver natural gas to the proposed Port Arthur facility when completed.

"We are excited to continue advancing our US Gulf Coast LNG and associated pipeline projects as we work to help satisfy a growing global demand for cleaner, more reliable energy sources," said Justin Bird, Chief Executive of Sempra Infrastructure.

"We look forward to advancing our relationship with Williams, a like-minded company that shares our commitment to building a future of energy abundance, affordability and security," added Bird.

Alan Armstrong, President and CEO of Williams , said the pipelines company was pleased to pursue the strategic transaction with Sempra.

"We see it as an opportunity to combine our capabilities along the natural gas value chain and increase the delivery of low-carbon, affordable and reliable natural gas from the wellhead to the growing international market," explained Armstrong. "Facilitating the delivery of next generation natural gas to ease energy constraints at home and overseas, while also helping to meet domestic and global climate goals, is central to our natural gas focused strategy," he stated.

Sempra noted that Port Arthur had the potential to become one of the largest LNG export facilities in North America.

The first phase of the Port Arthur project is permitted and is expected to include two liquefaction Trains and LNG storage tanks, as well as associated facilities capable of producing up to 13.5 million tonnes per annum.

Sempra recently announced that it was expected to take a final investment decision for Phase 1 of the liquefaction project in the first quarter of 2023.

Engineering

Additionally, Sempra said in October 2022 that the company had amended and restated its engineering, procurement and construction contract with US LNG plant engineers Bechtel for the first-phase development of Port Arthur.

UNLIMITED AGENDA

Mozambique becomes LNG exporting nation as first cargo departs Coral-Sul FLNG project

LNG News Editor

The "Coral-Sul FLNG" production vessel offshore Mozambique shipped its first cargo from the Rovuma Basin to launch the southeast African nation as an LNG exporter.

Eni of Italy, as upstream operator of the Area 4 licence resources in the Coral South reservoir, said the joint venture had safely achieved the first cargo from the project with liquefaction capacity of 3.4 million tonnes per annum.

Korean-build

The "Coral-Sul FLNG" vessel was constructed at Samsung Heavy Industries shipyard in Geoje in South Korea and is the first floating LNG facility ever deployed in the deep waters of East Africa.

The other partners of Eni in the FLNG project are US major ExxonMobil Corp., Chinese major China National Petroleum Corp., Galp Energia of Portugal, Korea Gas Corp. and Mozambique's Empresa Nacional de Hidrocarbonetos (ENH), the state energy company.

BP LNG carrier 'British Sponsor' lifting first cargo

The 174,000 cubic metres capacity LNG carrier "British Sponsor", operated by BP, lifted he first cargo from the liquefaction hull in the Rovuma Basin off Mozambique's northeast coast.

Mozambican President Filipe Nyusi issued a statement to the nation signalling the start of LNG exports.

"It is with great honour that I announce the start of the first export of liquefied natural gas produced in the Rovuma in Mozambique by the Coral Sul FLNG Project. The 'British Sponsor' ship departs Mozambican waters for the international market," added Nyusi.

BP has a long-term agreement spanning over 20 years to purchase 100 percent of LNG output from the project to add to its global supply portfolio.

Eni Chief Executive Claudio Descalzi also praised the start-up as a boost for global supplies.

"The first shipment of LNG from the Coral South project, and from Mozambique, is a new and significant step forward in Eni's strategy to leverage gas as a source that can contribute in a significant way to Europe's energy security, also through the increasing diversification of supplies, while also supporting a just and sustainable transition," explained the Eni CEO.

"We will continue to work with our partners to ensure timely valorisation of Mozambique's vast gas resources," stated Descalzi.

The FLNG hull had arrived at the final operating site offshore Mozambique in early January 2022 and mooring and connections to six underwater production wells were finalized in March and May 2022.

Analysts said that Coral South was a landmark project for the industry and firmly places Mozambique onto the global LNG stage.

While the FLNG hull has relatively small output, Mozambique's prolific natural gas reserves will transform the economy once planned onshore projects come on stream from around 2027 with up to 50 MPTA of output with expansions. ■

Energy services companies in Canada to target LNG work in partnership with Haisla Nation

Kitamaat Technical Services Group (KTSG), a joint venture including the native North American Haisla First Nation and the resources of three leading industrial service companies, will be seeking to secure contracts and work in LNG projects in the western Canadian province of British Columbia.

KTSG was established by ServcoCanada, Novus Technical Services (Novus) and Well Services Group (WSG) to bring their combined expertise to emerging LNG projects in BC.

"A central tenet of KTSG is to work closely with the Kitimat community and in particular the Haisla Nation, who have occupied lands centred around Kitamaat Village for more than 9,000 years," said KTSG.

KTSG said it was already supporting the Haisla Nation's economic infrastructure by providing training for potential LNG supply chain jobs and would assist startup businesses directly related to services required for contracts secured by the partnership.

Various projects

There are currently at least four LNG export projects under development in BC including LNG Canada led by Shell and the Cedar FLNG project pairing the Haisla First Nation with Calgary, Alberta-based Pembina Pipeline for the Douglas Channel project.

The Nisga'a people are behind a third project, the Ksi Lisims venture near Prince Rupert in BC in partnership with Rockies LNG Ltd and Western LNG LLC.

"The aim is to be the leading energy services organisation in BC with strong international LNG experience, supported by a balance sheet allowing major contracting opportunities to be undertaken which directly benefit the economy of North-Western British Columbia, local First Nations and the wider community," KTSG explained.

The KTSG contracts and work venture will benefit from the experience of companies like ServcoCanada, already a well-established Kitimat-based business with a 30-year pedigree.

Infrastructure

Novus is an international provider to the energy and infrastructure sectors which employs more than 10,000 staff in Canada, US, Europe, Middle East, the Caspian and China working on behalf of some of the world's largest operators.

WSG is a process, pipeline and industrial services specialist and the leading provider of UK and European refinery and LNG terminal services with extensive experience in the Australian LNG market.

KTSG said it was actively bidding for a range of pre-commissioning, commissioning and operations and maintenance contracts on the LNG Canada project under construction at Kitimat and which when completed will export an estimated 14 million tonnes of LNG per annum.

"The LNGC project will transform Canada's energy producing capabilities and be a major contributor to the local and national economy," said John Gordon, a spokesman for KTSG and President and Chief Executive of ServcoCanada. ■

Seasonal rebound in Japan's deliveries

Japanese LNG imports have rebounded by almost 10 percent even as the year-on-year cost of the shipments have soared by more than 150 percent as deliveries increased from Australia, the spot market and Russia.

The October 2022 LNG shipments to Japan's network of 37 terminals amounted to 5.08 million tonnes, or 75 cargoes. This was 9.9 percent more than the October 2021 deliveries of 4.62MT, or 68 cargoes, according to preliminary trade data from the Finance Ministry.

Japan's deliveries in September 2022 had declined year-on-year to 5.32MT versus 5.41MT delivered in September 2021.

The costs of LNG cargoes increased to 795.24 billion yen ($5.69Bln) in October 2022 compared with the October 2021 costs of 317.35Bln yen ($2.27Bln), the Ministry data showed.

LNG imports to Japan for the fiscal first half, the April to September period, had amounted to 34.9MT and had cost 138.6 percent more than the previous fiscal year's six-monthly period at 4.281 trillion yen ($28.6Bln).

While LNG imports increased in October deliveries of thermal coal for power generation dropped by almost the same amount, down 9 percent to 9.12MT.

The cost of coal shipments rose even more than LNG with the October deliveries surging 178 percent to 518.06Bln yen ($3.70Bln).

While LNG imports have edged lower for the previous three months before October they had increased in the first three months of the fiscal year.

Italy's SNAM says nation saved by good supply and mild weather

LNG News Editor

SNAM, the Italian natural gas grid and LNG terminals operator, said the most recent projections for the evolution of gas demand in Italy this year point to a decline by year-end compared with 2021 because of higher prices, milder weather and more LNG cargoes brought in to help boost storage.

Natural gas demand in Italy fell by 3.2 percent in the first nine months of 2022 to 51.66 billion cubic metres from 53.40 Bcm in the same period of 2021.

Operator has stake in 'FSRU Toscana' offshore Livorno

Storage

SNAM said natural gas moving through the storage system in Italy in the first nine months rose by 8.3 percent to 15.71 Bcm versus last year's 14.51 Bcm.

"In the first nine months of 2022, the LNG terminal of Panigaglia (La Spezia, near Genoa) regasified 1.47 Bcm of LNG and increase volumes by 34.9 percent as 38 LNG carriers were unloaded compared with 25 carriers unloaded in the same period of 2021," said SNAM.

"The warmer weather, the effects of the increase in energy prices in the industrial sector as well as the measures envisaged in the 'National Natural Gas Consumption Containment' plan have cut demand and improved supplies," said SNAM.

"Despite the reduction in imported Russian gas flows to Italy experienced in particular in the third quarter of 2022, the overall performance is not expected to be impacted significantly this year," added the company.

The report came in SNAM's nine-month earnings report in which revenues rose by 10.3 percent to €2.40 billion ($2.41Bln) compared with €2.17Bln the same period of 2021.

The company's nine-month net profits declined by 0.6 percent to €932 million from €938M in the prior-year period.

Decline in Indian LNG imports slows while prices jump again

Indian LNG imports continued their 2022 decline though at a slower pace as costs in the year-on-year period jumped 65 percent and domestic natural gas output also began to lose some momentum as the nation's consumption fell.

The decline in deliveries narrowed to just 0.8 percent as shipments totalled 1.78 million tonnes, or 26 cargoes, compared with 1.79MT delivered in October 2021 to India's network of six terminals.

Drop

However, deliveries for the first seven months of the fiscal year were still down by 11.2 percent to total 12.48MT versus 14.06MT in the same period last year, according to provisional data from the Ministry of Petroleum and Natural Gas.

Cargo numbers in September had dropped by 16.3 percent to 1.75MT compared with 2.09MT in September 2021.

LNG cargo costs have soared this year because of higher prices and the fall of the rupee's value against the dollar.

The delivery costs for LNG shipments in the first seven months of fiscal 2022-2023 came to $11.5Bln, or 83,206 crore rupees, versus $7.0Bln, or 56,734 crore rupees, in the previous fiscal-year period when volumes were larger, according to Ministry data.

The cost of the October LNG imports came to around $1.6Bln, or 12,967 crore rupees, down from the $1.2Bln, or 9,725 crore rupees, from October 2021.

LNG deliveries to Indian terminals have come mainly in the past year from Qatar, which provides over one-third of volumes, as well as West Africa, the US, Asian nations, Australia, Russia and the spot market.

While LNG imports have declined every month for more than a year, since September 2021, domestic pipeline natural gas production was also slowing from the East Coast of India and the Bay of Bengal.

The Ministry data showed that the domestic natural gas output in the April-to-October period rose by just 0.8 percent to 20.076 billion cubic metres from 19.908 Bcm in the prior-year period.

Production of natural gas for the month of October fell by 4.1 percent to 2.892 Bcm compared with the 3.017 Bcm in October 2021.

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NEWS BRIEFS

Drilling for peace

TotalEnergies said that as a result of the maritime boundary agreement between Israel and Lebanon, the French major would start exploration activities with Italian partner Eni of an already identified prospect in Block 9 of the new pipeline gas and LNG area of the East Mediterranean. The Block 9 partners said they would initiate the exploration which might extend Block 9 into Israeli waters, south of the recently established Maritime Border Line. The companies said preparations for exploration activities will start with the purchase of required equipment and the procurement of a drilling rig.

Australian exports

The 10 Australian LNG plants exported 7.13 million tonnes of LNG in October, or around 104 cargoes, down slightly from the 7.21MT lifted in September but at record prices, according to estimates by Adelaide-based consultants EnergyQuest. The firm estimated that Australian LNG export revenues increased significantly in October to a new record of A$10.6 billion (US$7.2Bln), up from a previous record A$10.2Bln in September 2022 and up by 82 percent on October 2021.

Peruvian LNG deal

HAM Group of Spain, a European leader in LNG and compressed natural gas filling stations for trucks and cars, has acquired a 40 percent stake in Peruvian company Limagas Movilidad, a developer of service stations in Peru. With this acquisition, HAM said it was reinforcing its presence in Peru, the only LNG producer and exporter in South America since Argentina ceased liquefaction activities. ■

Freeport LNG starts overhaul of work and safety methods prior to full plant ramp-up after closure

LNG News Editor

US export plant Freeport LNG in Texas has undertaken a work and safety methods overhaul as it moved ahead to return to a full production ramp-up in early 2023 after the shut-down caused by the June 8 fire in 2022.

Freeport was closed due to a pipeline explosion and the company has said that it expected the plant to return to at least partial service soon.

Texas facility's management reassures after fire incident

Measures

The Quintana Island facility has implemented more safety orders after detailed dialogue with the Pipeline Hazardous Materials Safety Administration (PHMSA), a branch of the US Department of Transportation, and the Federal Energy Regulatory Commission.

The PHMSA and FERC have had wide-ranging discussions with Freeport LNG management about damage assessments, repair work and schedules for the restart.

"Freeport LNG is committed to emerging from the June 8th incident with an unmatched focus on safety, operational integrity and operational excellence," declared the company.

The Texas company has also provided the results of an independent, third-party root cause failure analysis (RCFA) report on the June 8 incident that occurred at the liquefaction facility.

The report was commissioned by Freeport LNG and independently conducted by an incident investigation company, the IFO Group, to identify the causes.

"The safety and security of our workforce and surrounding community, and environmental stewardship are Freeport LNG's top priorities," stated the company founded by Michael Smith who is Chairman and Chief Executive.

Freeport LNG's main customers include Japan's largest importer JERA Co. Inc., the Japanese utilities Kansai Electric and Osaka Gas as well as South Korean company SK E&S and buyers in Europe.

"Freeport LNG believes that transparency around the causes of this incident, and the remedial actions it is taking to ensure an incident of this nature never occurs again, is critical to maintaining public trust," declared the company.

During the first quarter of 2022 before the accident, the Freeport plant had exported 55 cargoes to import terminals in Europe and North Asia.

"Over the course of almost five months, IFO Group investigated the incident, collected and analysed physical specimens from the incident, interviewed witnesses, reviewed process and design data, and ultimately developed the RCFA report, identifying specific causes that led or contributed to the June 8th incident," explained the statement signed by Freeport LNG Development.

To supplement IFO's report, Freeport LNG said it also engaged another independent consultant to perform a full review of its LNG storage and transfer operating procedures, its control systems maintenance and inspection procedures and its personnel qualifications and training programs.

As a result of this independent, multi-month review, the company said it was implementing various recommended improvements in these areas.

"Additionally, Freeport LNG has undertaken a significant hiring effort to increase LNG plant employee staffing by over 30 percent in order to reduce the amount of overtime as well as create new functional departments within the organization that are focused on improved training, operational excellence, quality assurance and improved business performance," the company stated.

Freeport noted in its summary of the causes of the accident that there was "operator fatigue" at the plant as a result of significant overtime needs.

"Freeport LNG is also executing an extensive company-wide safety management initiative to apply and reinforce process safety concepts into daily work processes across the organization," it said.

Full report

In the full report, Freeport said that the direct cause of the fire was linked to a pipe in the plant.

"A piping segment containing cryogenic LNG without proper over-pressure protection, which LNG then warmed and expanded due to exposure to ambient conditions, resulted in a boiling liquid expanding vapor explosion, or BLEVE, and the rupturing of the piping segment," explained Freeport.

It added that the root causes were pressure safety valve (PSV) testing procedures and seal program deficiencies. ■

Australia's Origin Energy sees shares soar after LNG buy-out bid led by Brookfield of Canada

LNG News Editor

Origin Energy, the Australian upstream supplier to the Australia-Pacific LNG export plant in Queensland, saw its shares up 35 percent higher on November 14 as investors considered Origin's backing for an A$18.4 billion (US$12.3 billion) buyout offer from a two-firm consortium led by Canada's Brookfield Asset Management.

Origin's shares jumped to A$8.14 on November 11 just after the announcement of the offer and were last trading at A$7.60 per share.

Origin CEO Frank Calabria has developed two divisions

Approvals

The proposed takeover requires the approval of the Australian Competition and Consumer Commission and the Foreign Investment Review Board to proceed.

Origin said it would recommend shareholders vote in favour of the proposal if no higher bid emerges.

Sydney-based Origin had previously suspended its seasonal utility market outlook due to extreme gas and power price volatility.

Coal deliveries to its Eraring coal-fired power plant located north of Sydney had also created supply problems.

Origin's business comprises Integrated Gas with its feed-gas sales to APLNG and a utilities and domestic power markets unit, the Energy Markets division.

This is made up of retail and wholesale electricity sales and natural gas supplies to the states of Queensland, New South Wales, Victoria and South Australia.

Carve-up plan

The bid for Origin from Brookfield comes after its offer earlier in 2022 to buy Australia's leading utility, AGL Energy, was rejected.

The Origin buy-out proposal was made through the Brookfield Global Transition Fund, which is co-run by Mark Carney, the former Governor of the Bank of England.

Under the proposal to acquire Origin, Brookfield would take over the company's Energy Markets business, while MidOcean Energy, Brookfield's bid partner, would take control of Origin's Integrated Gas business, including its 27.5 percent stake in APLNG.

"Over the past year, Origin has executed a number of important strategic initiatives that have strengthened the balance sheet, sharpened our strategic focus and positioned the company to prosper from the energy transition," said Origin Chief Executive Frank Calabria in reaction to the proposal.

"At the same time, we have a dedicated, engaged and highly-skilled workforce who are committed to delivering good outcomes for our customers and communities," added the Origin CEO.

The Origin board noted that there is no certainty at this stage that the indicative proposal and engagement between Origin and the consortium will progress to a binding proposal for consideration by shareholders.

"At this stage, shareholders do not need to take any action. The Board will continue to update shareholders," it added.

Tokyo Gas deals

MidOcean is backed by energy investment fund EIG and in October 2022 agreed to buy Tokyo Gas's stakes in four Australian LNG projects.

The US firm, based in Washington DC, paid around US$2.15 billion for the micro-stakes of Tokyo Gas originally acquired as a foundation customer to help develop the projects.

EIG's MidOcean unit bought the micro-stakes in Shell's Queensland Curtis LNG plant, the Chevron-operated Gorgon plant and the Woodside Energy-run Pluto LNG project in Western Australia and two stakes in the Ichthys LNG venture at Bladin Point in the Northern Territory, operated by Japanese oil and gas company Inpex Corp.

Tokyo Gas retained its shareholding in the Darwin LNG project, operated in the Northern Territory by Adelaide-based Santos.

The largest of the stake sales by Tokyo Gas was the 5 percent holding in the Pluto LNG project.

The APLNG plant stake that would go to EIG's MidOcean under the Origin buy-out is a supplier to China and one of its shareholders is China Petroleum & Chemical Corp, known as Sinopec.

Origin is the main upstream operator for coal-seam gas supply to the facility while US major ConocoPhillips is the plant operator.

APLNG came on stream in 2016 and has two liquefaction Trains with total nameplate capacity of around 9 million tonnes per annum with about 7 MTPA going to China.

The plant sits alongside two other CSG-to-LNG facilities on Curtis Island, the Shell-run Queensland Curtis LNG plant and the Gladstone plant, operated by Santos.

AGA backs study urging federal rules on resilience

The American Gas Association (AGA) welcomes a new report that examines regulatory changes that will support investments and infrastructure improvements necessary to support broader energy system resilience.

The report was commissioned by the American Gas Foundation and is called "Enhancing and Maintaining Gas and Energy System Resiliency".

The study was presented to a gathering of the National Association of Regulatory Utility Commissioners on November 13.

The study concluded that the ability of the gas system to meet seasonal and peak-day demands and to reliably deliver natural gas, even during high-impact events, represents an important and valuable resource that must be considered when designing future energy systems and building pathways to a low-carbon future.

"As we build towards our goal of a low-carbon future, we cannot lose sight of our goal to provide energy to all Americans 24/7/365," said AGA President and Chief Executive Karen Harbert.

"This study provides excellent guidance on how to get us there, including recommendations for regulations at the federal level and supportive policies in the state and local arenas," added Harbert.

"Our regulators, who share our goal, can also facilitate improved coordination between the electric and natural gas industries," she said.

"AGA and its members are talking to policymakers at every level about adopting these necessary strategies," stated Harbert.

Technip Energies-Baker Hughes sign accord on mid-scale LNG

LNG News Editor

Technip Energies, one of the leading LNG project engineering companies, has signed an accord with US energy services company Baker Hughes to cooperate on developing mid-scale and modular onshore liquefaction plants.

The Technip-Baker Hughes memorandum of understanding sets the groundwork for their joint development of modularized LNG plants with output from 1 million tonnes per annum to 2 MTPA.

Lorenzo Simonelli, Chairman and CEO of Baker Hughes

Own technology

The two companies are already involved in developing their own modularized plant offerings, the Baker Hughes LNG Mid-Scale Modular Solution (MMS) and the Technip "SnapLNG".

"Cooperating in advancing technology in LNG with our long-term partner Baker Hughes is an important step for the energy industry and for our clients," said Arnaud Pieton, Chief Executive of Technip, listed on the Paris Euronext Exchange.

"The combination of our expertise, modular approach and references will enable shorter delivery times and better affordability," added Pieton.

Lorenzo Simonelli, Chairman and CEO of Nasdaq-listed Baker Hughes, said the agreement would be mutually beneficial to both companies, leveraging their respective technology expertise and proven track records.

"LNG will continue to play a key role to solve the energy trilemma, and the ability to accelerate time-to-production through modularized solutions can be a differentiator," declared Simonelli.

Technip's modularised mid-scale offering, the "SnapLNG" product, is a compact and fully electrified solution for proposed plants with 2 MTPA to 3 MTPA of output.

Baker Hughes has provided "plug-and-play modular solutions" for LNG for over 10 years, catering to different-sized projects.

"The MMS product provides a flexible, standardized, and scalable solution for lowering the carbon footprint of the liquefaction process and faster time to LNG," added the statement.

Saipem wins drilling awards for Azule Energy and Côte d'Ivoire

Saipem, the Italian subsea and drilling company, has been awarded contracts in the LNG-producing nation of Angola for the Azule Energy joint venture and for wells in the Côte d'Ivoire where the West African nation is aiming to boost oil and gas production.

With the contracts just announced, Saipem said it had been awarded work in the offshore drilling segment for a total of €1.6 billion ($1.65Bln) since the beginning of 2022.

UK major BP and Italian energy company Eni formed the Azule Energy 50-50 joint venture company in Angola in March 2022.

Azule Energy has strong pipeline of new projects starting up over the next few years, including the new Agogo and PAJ oil projects in Blocks 15/06 and 31 respectively offshore Angola.

The venture will also develop the New Gas Consortium (NGC), the first non-associated gas project in the country, which will support the energy needs of Angola's growing economy, its decarbonization path and strengthen its role as a global LNG player.

The Angola LNG plant is located 350 kilometres north of the capital Luanda in Soyo, at the mouth of the Congo River and is one of the world's most modern LNG processing facilities.

BP and Eni have shared common goals for Azule Energy in achieving environmental and sustainability ambitions.

The Government of Côte d'Ivoire has large oil and gas discoveries with significant volumes of associated natural gas and the potential for its energy renaissance as a West African regional hub.

Saipem said the new drilling contracts are in the ultra-deep water segment for drilling operations with the sixth-generation drillship "Saipem 12000".


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Pavilion Energy brings Chinese major CNOOC into Europe-to-China LNG bunkering venture

LNG News Editor

Singapore's main LNG company Pavilion Energy and the biggest Chinese LNG importer, China National Offshore Oil Corp., have signed an accord for strategic co-operation on LNG bunkering from Northwest Europe to China's coastal areas.

A third signatory of the accord is Finnish state-owned gas and LNG company Gasum with access to bunkering facilities and imports in Finland and the key Amsterdam, Rotterdam and Antwerp (ARA) energy shipping region.

Logistics

"The agreement will allow the three parties to leverage on one another's local expertise, strong logistics capabilities and in-depth experience in LNG bunkering operations," said a statement from Pavilion, a subsidiary of Singaporean wealth fund Temasek.

The accord in the form of a heads of agreement aims to establish West-East links in key LNG bunkering ports from the Baltic Sea and North Sea to Singapore and Chinese ports such as Shenzhen, Guangzhou and Ningbo.

Alan Heng, CEO of Pavilion, pleased with CNOOC deal

The CNOOC presence in the venture is through a subsidiary and one of China's main LNG players, CNOOC Gas & Power.

"This agreement follows an extension of Pavilion's partnership with Gasum in October 2020 to develop an LNG bunker supply network for its customers in Singapore and Northern Europe," explained Pavilion.

LNG alliance

"CNOOC's participation will boost this industry alliance and further encourages the uptake of LNG as a cleaner marine fuel," it added.

Alan Heng, Group Chief Executive of Pavilion, said the company was very pleased to deepen its co-operation with Gasum and also bring in another partner in CNOOC to complement existing networks.

"The synergies of our operations will further facilitate customer access and demand for efficient, competitive and optimised LNG bunkering," added Heng.

Pavilion noted that it was a pioneer in developing LNG bunkering for the maritime industry in the Asian city state, the bunker hub for all ship fuels in southeast Asia.

"CNOOC Gas and Power Group is thrilled to partner with Pavilion Energy and Gasum to develop the LNG bunkering business," said Rongwang Zhang, Vice President General Counsel and Chief Compliance Officer of CNOOC Gas and Power.

Mika Wiljanen, the CEO of Gasum, said he was pleased to move forward with Pavilion and CNOOC on LNG bunkering.

"We at Gasum are very happy about this partnership not only because it expands our geographical reach and broadens our offering, but this agreement is also an excellent example of the kind of global collaboration that is needed to achieve a carbon-neutral future and no company can do this alone," added Wiljanen.

Gasum said it performed more than 1,300 ship-to-ship and truck-to-ship deliveries of LNG through its value chain in northwest Europe. ■

UK consultancy and data firm Wood Mackenzie launches new platform centred on gas and LNG

Wood Mackenzie, the energy consultants and a subsidiary the US Verisk analytics business, has launched a new data and solutions platform called Lens Gas & LNG.

"As the newest addition to Wood Mackenzie's Lens data analytics platform, Lens Gas & LNG offers a single tool to explore all gas and LNG data, analysis and modelling capabilities," said the Edinburgh-headquartered UK company.

Wood Mackenzie has expanded its offerings beyond simple consultancy and forecasting since being acquired in 2015 by Nasdaq-listed US firm Verisk, which is based in New Jersey.

"This seamless Lens experience brings Wood Mackenzie's renowned expertise, analyses and modelling insights together to enable faster, more accurate operational and strategic planning and portfolio management," said a statement.

Wood Mackenzie said its Lens® platform aims to be an industry standard in critical decision-support to provide answers to complex questions across the natural resources value chain.

"Lens Gas & LNG is a must-have solution for any energy market participant," said Andrew Pearson, Global Head of Gas & LNG at Wood Mackenzie.

"It is built to support customers with strategic planning, valuations, M&A, business operations, strategic sourcing and trading," added the firm.

Wood Mackenzie said the Lens platform aimed to quantify risk and identify opportunities through understanding market dynamics and their impact on investments.

The consultancy and data company explained that users can rapidly develop alternative, bespoke market outlooks that leverage Wood Mackenzie's industry-standard models to produce detailed analysis.

"The gas & LNG industry has undergone significant changes over the last few years, from new innovations spurred by the energy transition to major global events impacting supply, demand, trade flows and prices," said the firm.

"To help navigate these complexities, Lens Gas & LNG brings markets forecast and modelling workflows to its current asset optimisation capabilities to provide a uniquely integrated view of gas & LNG markets and assets," it stated. ■

Höegh LNG reports loss and may expand fleet

Höegh LNG Holdings, the owner of 10 floating storage and regasification units (FSRUs) and two conventional carriers, posted a quarterly loss because of operational issues and ships being out of contract ahead of being re-deployed.

Höegh reported a net third-quarter loss of $45.9 million, which was wider than the $3.14M loss posted in the same three months of 2021.

The Bermuda-based company, now owned by Norwegian interests and US equity funds managed by US bank Morgan Stanley, reported higher third-quarter revenues of $96.09M versus $86.15M in the same quarter of 2021.

"The fleet delivered a stable operating performance in the third quarter," said Höegh.

"However, the 'Höegh Giant' has been idle since late April following the termination of its FSRU contract and the 'Höegh Gannet' was idle for a period towards the end of the third quarter while repositioning to a yard for class renewal and modifications to be carried out in the fourth quarter to prepare the vessel for FSRU operations," explained the company.

Höegh said the following the surge in demand for FSRUs earlier this year, the company has secured long-term FSRU employment for its entire fleet.

Additionally, the Lithuanian charterer of the vessel "Independence" has declared the purchase option to acquire the FSRU in December 2024.

The company added that it had settled the differences of the cancellation of an FSRU deployment on the West Coast of India.

Flex LNG posts strong earnings and says natural gas crunch is not going away soon

LNG News Editor

Flex LNG, the Norwegian shipping company with a fleet of 13 modern vessels and several chartered to the largest US exporter Cheniere Energy, reported higher third-quarter revenues and profits as global demand soared for cargoes.

"The gas crunch is not going away anytime soon and arbitrage between the US and import nations in Europe and Asia will stay at elevated levels supporting freight market economics," said Flex in presenting its earnings.

Flex explained that about 40 LNG carriers in the global fleet were tied up in floating storage due to traffic congestion and contango - when the futures price was at a higher level than the spot price as has happened throughout the third quarter.

Flex's vessel operating revenues in the third quarter amounted to $91.3 million to the end of September 2022 compared with $81.8M in the same three months of 2021 and $84.2M for the second quarter of 2022.

Net income increased to $46.6M from $32.8M in the prior-year quarter and $44.3M in the second quarter this year.

Charter rates

The Bermuda-based company's average time charter equivalent (TCE) rates for the three months came to $75,941 per day versus $68,341 per day a year ago and $70,707 per day for the second quarter of this year.

"During the third quarter, 'Flex Enterprise' and 'Flex Amber' commenced their new seven-year time charters agreed in June 2022," said Øystein Kalleklev, Chief Executive of Flex LNG Management AS.

Øystein Kalleklev, Chief Executive of Flex LNG Management

"Additionally, 'Flex Aurora' was delivered to Cheniere as the fifth and last ship under the agreement announced in April 2021," he added.

"Flex LNG today has 12 LNG carriers on fixed-hire time charters and one ship, 'Flex Artemis', on a variable time charter," stated Kalleklev.

The CEO noted that Flex's first fully open ship, after charterer's options, is in the middle of 2026 with three other ships coming open in 2027.

"With 2027 the earliest newbuilding delivery window and newbuilding prices at around $250M, we are therefore upbeat about the prospects of re-contracting our ships at attractive levels thereby adding further backlog to the company," said Kalleklev.

"For the first nine months of 2022, total net income was $147M, fuelled by $75M gains on interest rate derivatives, as we have been ahead of the curve locking in long-term interest rates at very attractive levels before the Federal Reserve started to hike US rates," he explained.

Flex said it planned to optimize financing for the remaining seven ships in the fleet with the aim of increasing its cash position by a further $100M while at the same time improving overall financing terms.

"We have now secured refinancing for four of the seven ships with net proceeds of $110M. We are thus already ahead of the $100M target, and we expect the cash release to grow further as we are also making good progress on the refinancing of the remaining three ships," said the CEO.

Freight market

"Given the strong freight market, our extensive contract backlog and our super strong financial position we are therefore pleased to declare an ordinary quarterly dividend of $0.75 per share which should provide our shareholders with an attractive yield of approximately 10 percent," added Kalleklev.

The company noted in its presentation that the fleet had been acquired at "historical attractive prices" compared to the newbuilding prices today, while book equity values reflect historical costs adjusted with regular depreciations.

> "The gas crunch is not going away anytime soon and arbitrage between the US and import nations in Europe and Asia will stay at elevated levels supporting freight market economics"