LNG Review July 2020
- Recent issues and events -
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Introduction

Japan's cumulative LNG import during the first half of 2020 amounted to 36.40 million tonnes, the lowest since 2010. Among the cargoes imported during the month of June, nine cargoes were priced below USD 5 per million Btu, compared to two such cargoes in May.

According to China's customs statistics, the country's LNG import amounted to 5.79 million tonnes in June 2020, larger than Japan for two months in a row (for a third time in the history). The tally for the first half of the year was 31.18 million tonnes, a 10.2% increase from one year earlier. As the country's pipeline gas import decreased by 7.4% during the same period, natural gas import in total for the period increased by only 3.3% to 48.36 million tonnes year-on-year. China's natural gas production and consumption during the first half of 2020 increased year-on-year by 7.91% and 5.74%, respectively, to 94.83 bcm and 160.701 bcm, and 44.025 bcm.

In a contrast to China, India's natural gas consumption and production and LNG import during the three months to June 2020, decreased year-on-year by 14.3%, 16%, and 12.5%, respectively to 13.5 bcm, 6.8 bcm, and 7.0 bcm (5.15 million tonnes).

Turning eyes on the LNG production side, according to SHORT-TERM ENERGY OUTLOOK by EIA (Energy Information Administration), more than 70 LNG export cargoes from the United States were cancelled for June and July deliveries, and more than 40 cargoes were cancelled for August deliveries. EIA estimates a 25% utilization of LNG export capacity as a result of these cancellations July and August 2020. This is partly influenced by an expected bottom of crude-linked contract LNG prices in Asia in August.

In July many of the largest LNG supplying companies in the world reported huge impairments in their second quarter reports.

[Asia Pacific]

Japan imported 5.261 million tonnes of LNG in June 2020, approximately one cargo.

* The writer belongs to Gas Group, Fossil Energy and International Cooperation Unit. Some information pieces that some readers may consider very important may not be included due to different reasons.
more than it did in the same month one year ago, and the average landed price declined by USD 1 from the previous month (May 2020) to USD 8.40 per million Btu, according to preliminary data of Japan’s Customs Statistics. The average landed price of LNG imported into Japan from the United States during the month was USD 8.69, higher than the overall average for the first time in a year.

The Ministry of Economy, Trade and Industry (METI) announced that the 9th LNG Producer-Consumer Conference will be held on Monday 12 October 2020, jointly hosted by the Asia Pacific Energy Research Centre (APERC).

KOGAS (Korea Gas Corporation) and five companies (Busan Port Corporation, POSCO International, S-Oil, Daewoo Logistics and, Hyundai Glovis) agreed to launch an LNG bunkering joint venture by October 2020, Kogas announced. KOGAS plans to supply 1.36 million tonnes of LNG to ships by 2030.

The Energy Market Authority (EMA) issued a Request for Proposal (RFP) to appoint up to two new LNG term importers for Singapore. Having more LNG term importers in the market will enhance competition and provide more options for gas buyers. Proposals must be submitted by 9 November 2020. The current LNG term importers are Pavilion Energy and Shell Eastern Trading, who were appointed in 2017 via an RFP.

Marubeni, Sumitomo Corporation, Mitsui & Co. and Eden Group received a Notice To Proceed (NTP, granting exclusive rights of project development) from the Ministry of Electricity and Energy of Myanmar (MOEE) for an LNG To Power Project in Thilawa, Myanmar. The scope includes the building, owning and operation of a 1,250MW thermal power plant and onshore LNG receiving, storage and regasification facility. It also includes a long-term power purchase agreement for the sale to the Electric Power Generation Enterprise (EPGE), a stated-owned enterprise under MOEE, over a 25-year term after commercial operation commences. The project is expected to include the procurement, shipping, storage and regasification of LNG. The four parties will first carry out the detailed feasibility study based on NTP.

FGEN LNG selected three preferred bidders to participate in a selection process for its planned Floating Storage and Regasification Unit (FSRU): BW Gas, GasLog and Höegh, First Gen said on 17 July 2020. The FSRU is for the initial phase of the LNG terminal.

bp signed two two-year gas supply agreements with ENN and Guangdong-based gas distributor Foran Energy to provide them with 300,000 tonnes per year each of pipeline gas regasified from LNG from January 2021 in Guangdong through the LNG receiving terminal of Guangdong Dapeng LNG.

Guangdong Energy Group and Diamond Gas International (DGI, Mitsubishi Corporation subsidiary) held an online signing ceremony of an "LNG Purchase and Sale
Agreement”. The SPA is the first term contract for the purchase of international LNG resources by Guangdong Energy and the first term contract for DGI to sell LNG to China.

PipeChina agreed to buy Sinopec Kantons’ Yulin-Jinan gas pipeline, Hong Kong-listed Sinopec Kantons announced. PipeChina will take control of the 4 Bcm/year capacity pipeline, which runs 900 km from Yulin in the northwest province of Shannxi to Jinan - via Henan - in the northeast of Shandong province.

Linde announced that it had signed a memorandum of understanding (MoU) with China National Offshore Oil Corporation’s (CNOOC) subsidiary, CNOOC Energy Technology & Services, to jointly develop the hydrogen energy industry in China.

Sofregaz announced that it had been awarded by CPC Corporation for the FEED and PMC of the Taichung LNG Terminal Phase 3 Expansion. The expansion consists in two LNG Tanks and associated Regasification facilities. Project completion expected in 2026.

According to June 2020 PPAC’s Snapshot of India’s Oil & Gas data from the Petroleum Planning & Analysis Cell (Ministry of Petroleum & Natural Gas), India’s natural gas consumption and production and LNG import for the three months to June decreased year-on-year by 14.3%, 16%, and 12.5%, respectively to 13.5 bcm, 6.8 bcm, and 7.0 bcm (5.15 million tonnes).

Reliance Power and JERA are developing a new gas-fired power generation project in Bangladesh. The project company has signed a loan agreement for financing USD 642 million with banks including the Japan Bank for International Cooperation (JBIC).

Australia’s Santos commenced a concept study on a hydrogen future for the Cooper Basin. The study was awarded to GHD. Santos’ proposed Moomba CCS Project in South Australia would capture the 1.7 million tonnes per year of carbon dioxide separated from natural gas at the Moomba Gas Plant and reinject it into the same geological formations.

Santos announced that it expects to recognise a non-cash impairment charge in the range of USD 700 - 800 million before tax (USD 490 - 560 million after tax) in the 2020 half-year results due to revised oil price assumptions. Santos will recognise non-cash impairments of GLNG of USD 640 - 700 million before tax and exploration assets (primarily in the Cooper and Amadeus Basins) of USD 60 - 100 million before tax in the half-year results.

Origin Energy expects to recognise non-cash post-tax charges in the range of AUD 1.16 - 1.24 billion in the FY2020. These include Australia Pacific LNG impairment of AUD 720 - 770 million and onerous contract provision related to Cameron LNG of AUD 440 - 460 million post-tax (USD 300 - 315 million). Origin agreed in 2013 to purchase from Cameron LNG 0.25 million tonnes per year of LNG (3-4 cargoes) Free-On-Board for 20 years with the first cargo delivered in June 2020. Origin buys the LNG at a Henry Hub-linked price plus a fixed tolling fee and assumes it will sell it at a JKM-linked price.
Cooper Energy announced that the company and Mitsui Group will upgrade the Minerva Gas Plant that took possession of in December 2019. The plant will process gas produced from the existing Casino, Henry and Netherby fields in the VIC L24/L30 permit areas held by Cooper Energy 50% and Mitsui Group 50%.

Train 2 of the Gorgon LNG plant is expected to restart in early September 2020 after completing repairs of weld issues were found during planned maintenance in the train’s propane heat exchangers.

Woodside said it expected impairment losses of USD 3.92 billion for the half-year ending in June 2020, including USD 2.76 billion for oil and gas properties, and USD 1.16 billion for exploration and evaluation assets. The Financial Statements are also expected to include a non-cash, post-tax onerous contract provision for the Corpus Christi LNG sale and purchase agreement of USD 447 million.

Shell Australia announced that it would acquire 100% of Select Carbon, a specialist company that was engaged in carbon farming projects throughout Australia. Shell said that the acquisition was the globally first for its Nature-Based Solutions business.

Oil Search expects to recognise a pre-tax impairment charge of USD 360 - 400 million in its 2020 interim results. The impairments largely relate to PNG exploration licences. A number of exploration and evaluation assets in PNG have been identified as being of reduced priority due to lower prospectivity or sub-optimal economics.

[North America]

The U.S. Department of Energy (DOE) issued a final policy statement that allows for LNG exports to non-free trade agreement (non-FTA) countries to be extended through 2050. DOE originally proposed the 2050 term extension in a proposed policy statement in February 2020. The final policy statement allows existing non-FTA authorization holders to apply to extend their export term through 2050 and also allows existing applicants to amend their pending non-FTA applications to request an export term through 2050.

According to the July Natural Gas Monthly from the EIA (Energy Information Administration), in May 2020, for the first time in 36 months (since April 2017), dry natural gas production in the United States decreased year to year for the month. The preliminary level for dry natural gas production in May 2020 was 2,713 billion cubic feet (Bcf), or 87.5 Bcf/d. This level was 2.4 Bcf/d (-2.7%) lower than the May 2019 level of 89.9 Bcf/d.

A rebound of the LNG industry in the United States isn't likely to come from Chinese demand, according to the Institute for Energy Economics and Financial Analysis (IEEFA).

New Fortress Energy (NFE) announced that the company entered into an agreement with Centrica LNG to terminate NFE’s obligation to purchase any additional LNG
from Centrica for the remainder of 2020 in exchange for a payment of USD 105 million. NFE will be able to purchase LNG in the open market at prices that are significantly lower than the price previously agreed to with Centrica. Facilities are commencing operations in Puerto Rico in addition to Jamaica. NFE is advancing projects in Mexico and Nicaragua, with the goal of substantially completing these projects by the end of 2020.

Dominion Energy announced that it has executed an agreement to sell substantially all of its Gas Transmission & Storage segment assets to an affiliate of Berkshire Hathaway. Dominion retains a 50% passive and unlevered interest in Cove Point - a bidirectional LNG facility in Maryland - and nuclear and solar contracted generation fleet. Assets covered by the sale agreement include the company’s ownership interests in Dominion Energy Transmission, Questar Pipeline (including Overthrust and White River Hub), Carolina Gas Transmission, Iroquois Gas Transmission System (50% interest), legacy gathering and processing operations, farmout acreage, as well as a 25% operating interest in Cove Point.

Dominion Energy and Duke Energy announced the cancelation of the Atlantic Coast Pipeline (ACP) due to ongoing delays and increasing cost uncertainty.

Cameron LNG requested authorization from FERC on 15 July to place the Train 3 facilities in-service by 24 July 2020. FERC authorized the request on 24 July.

Freeport LNG asked FERC to extend time to complete construction on their proposed Train 4 facility to May 2026. Freeport said it would need to rebid the EPC contract for Train 4 as KBR exited the project.

The FERC approved the request to place Elba Island LNG’s unit 9 into service. The project requested authorization from FERC to place the MMLS #10 facilities in-service on 10 August 2020.

NextDecade announced the company is optimizing its Rio Grande LNG project. Multiple optimizations have been identified leading to an LNG project capable of producing 27 million tonnes per year of LNG with just five LNG trains instead of six in the original front-end engineering and design (FEED). These optimizations will result in several benefits including (i) 21% lower CO2e emissions, (ii) shortened construction timeline for the full project, (iii) reduced facility footprint, and (iv) an expected reduction in traffic on roadways.

FERC approved Delfin LNG’s request for extension to 28 September 2021, to complete construction of the project’s onshore facilities. The onshore facilities will exclusively transport domestic natural gas to Delfin LNG’s planned LNG deepwater port export facilities. The licensing of the deepwater port export facilities falls under the jurisdiction of the U.S. Department of Transportation Maritime Administration (MarAd) and the U.S. Coast Guard (USCG).

U.S. Department of Energy (DOE) issued a final long-term order authorizing the

In connection with the acquisition of additional oil and gas assets in Louisiana, Tokyo Gas announced that Tokyo Gas America will increase its ownership interest in Castleton Resources from 46% to approximately 70%. Tokyo Gas America announced the acquisition of the 500 MW Aktina Solar Project in Texas.

Pilot LNG announced the filing of its regulatory applications for development of the region's first dedicated LNG bunker terminal, Galveston LNG Bunker Port, to be located on Pelican Island. The company expects a Final Investment Decision (FID) in the second half of 2021 and operations starting in 2024. The facility infrastructure will be designed around floating liquefaction (FLNG) technology to be engineered, and constructed by Pilot partner, Wison Offshore & Marine.

Chevron announced that it entered into an agreement with Noble Energy to acquire all of the outstanding shares of Noble Energy.

Centrica announced that it had entered into an agreement to sell its North American energy supply, services and trading business, Direct Energy, to NRG Energy.

Pieridae Energy said that it had received written notice from KBR that KBR is no longer prepared to negotiate and conclude a lump-sum turnkey engineering, procurement, and construction (EPC) contract in relation to the Goldboro LNG project. Pieridae says it has started discussions with other firms who have the expertise to provide these services.

Cryopeak LNG Solutions Corporation signed a Memorandum of Understanding (MOU) with Island Tug & Barge Limited (ITB), a marine bulk fuels transporter, to deliver LNG bunkering services in Southwest British Columbia, Canada. Cryopeak and ITB have developed a design for a 4,000 m³ articulated tug and barge (ATB) to be in operation in 2023.

The Energía Costa Azul (ECA) natural gas export project in Mexico’s Baja California is waiting for an export approval, Infraestructura Energética Nova (IEnova) said.

[Middle East]

Air Products, in conjunction with ACWA Power and NEOM, announced an agreement for a green hydrogen-based ammonia production facility powered by renewable energy. The project will be sited in NEOM, a new model for sustainable living located in the northwest of Saudi Arabia, and will produce green ammonia for export to global markets.

Fugro completed the first phase of multidisciplinary offshore site investigation for Qatargas’ North Field Production Sustainability’s Compression Phase. The fieldwork started
in March and, while phase one marks completion of the geophysical scope, the geotechnical scope in phase two will run as planned until August 2020. The fieldwork includes cone penetration testing and P-S logging results. The final deliverables - comprising a bathymetric and geophysical survey and a geotechnical appraisal of the soils encountered - will be used to optimise jacket platform pile foundation design, and pipeline and cable-route engineering, in Qatar’s North Field.

The Israeli government ratified a deal on the Eastern Mediterranean (East-Med) gas pipeline project signed with Greece and Cyprus administration signed in January 2020. The pipeline would extend from Israel to Greece and Italy.

[Africa]

Eni (as the operator), BP and Total drilled the first exploration well in the North El Hammad license, in the conventional Egyptian waters of the Nile Delta, on the prospect called Bashrush. The discovery demonstrates the significant gas and condensate potential. The partners will begin screening the development options through synergies with the area’s existing infrastructures. In the concession, which is in participation with the Egyptian Natural Gas Holding Company (EGAS), Eni through its affiliate IEOC holds 37.5% interest, the role of Operator, BP holds the 37.5%, and Total holds the 25% of the Contractor interest.

The Japan Bank for International Cooperation (JBIC) signed a project financing agreement amounting up to USD 3 billion (JBIC portion) with MOZ LNG1 FINANCING COMPANY LTD as part of the total co-financing amount to USD 14.4 billion. Part of the co-financing loans provided by private financial institutions is insured or guaranteed by Nippon Export and Investment Insurance (NEXI) and other agencies. NEXI said it would underwrite insurance for USD 2 billion financing provided by MUFG Bank; Mizuho Bank; Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank; Nippon Life Insurance; Crédit Agricole, Tokyo Branch; Société Générale, Tokyo Branch; Shinsei Bank; and Standard Chartered Bank, Tokyo Branch. Japan Oil, Gas and Metals National Corporation (JOGMEC) announced that it had signed the agreements on the completion guarantee in connection with the project finance.

South Africa’s natural gas and helium producer Renergen announced the commencement of South Africa’s first ever LNG auction. Interested parties are invited to apply to bid for the allocation of LNG, which will be produced from the company’s Virginia Gas Project 250 km southwest of Johannesburg. By 2021, the company will complete its Phase 1 expansion plans of the Virginia Gas Project and will be producing LNG and helium. Renergen will become the first distributor of LNG at filling stations (in partnership with Total) in the country and the only domestic producer of helium.
[Europe / Russia]

The European Commission announced EU strategies for energy system integration and hydrogen.

A group of eleven European gas infrastructure companies - Enagás, Energinet, Fluxys Belgium, Gasunie, GRTgaz, NET4GAS, OGE, ONTRAS, Teréga, Snam and Swedegas - revealed a plan for a dedicated hydrogen transport infrastructure. The companies foresee a network gradually emerging from the mid-2020s onwards to an initial 6,800 km pipeline network by 2030, connecting 'hydrogen valleys'. By 2040, a hydrogen network of 23,000 km is foreseen, 75% of which will consist of converted natural gas pipelines, connected by new pipeline stretches (25%). Ultimately, two parallel gas transport networks will emerge: a dedicated hydrogen and a dedicated (bio)methane network. The network can be used for large-scale hydrogen transport over longer distances in an energy-efficient way, also taking into consideration hydrogen imports.

Equinor is leading the Hydrogen to Humber Saltend (H2H Saltend) project to develop one of the United Kingdom's - and the world's - first at-scale facilities to produce hydrogen from natural gas in combination with carbon capture and storage (CCS). The project will be located at Saltend Chemicals Park near the city of Hull and its initial phase comprises a 600 megawatt auto thermal reformer (ATR) with carbon capture, the largest plant of its kind in the world, to convert natural gas to hydrogen. It will enable industrial customers in the Park to fully switch over to hydrogen, and the power plant in the Park to move to a 30% hydrogen to natural gas blend. As a result, emissions from Saltend Chemicals Park will reduce by nearly 900,000 tonnes of CO2 per year.

Titan LNG announced that it was granted €11 million funding from the EU's Connecting Europe Facility (CEF); the EU's grant scheme supporting transport infrastructure, connectivity and the switch to greener fuels for transport. The Bio2Bunker project develops and expands a (Bio)-LNG (BLNG) bunkering supply chain by introducing three bunker barges in Zeebrugge, Rotterdam, and Lübeck. The bunker barges in Belgium and Germany will be similar to the company's two existing FlexFuelers with demonstrated operational advantages. For the Amsterdam-Rotterdam-Antwerp region Titan LNG will construct a mothership, the "Titan Hyperion" that will resupply our FlexFuelers.

With their draft Gas Network Development Plan (Gas NDP) 2020-2030, the German gas transmission system operators (TSOs) are presenting their plans for secure gas supply in Germany. These plans also include hydrogen and the required transmission infrastructure as a central component of Germany's decarbonisation strategy.

The consortium behind the WESTKÜSTE100 project received the go-ahead and
funding approval from the Federal Ministry of Economic Affairs and Energy that will make it Germany's first hydrogen project included in the "real-world laboratories fostering the energy transition" programme. The consortium brings together ten partners: EDF Deutschland, Holcim Deutschland, OGE, Ørsted Deutschland, Raffinerie Heide, Heide's municipal utility, Thiüga, and thyssenkrupp Industrial Solutions, along with the Region Heide development agency and the Westküste University of Applied Sciences.

Rolande, specialised in building infrastructures for LNG and bio-LNG for trucks in the Netherlands is entering the German market by opening its first own CNG/LNG filling station at the Ulm location. Before the end of 2020, further new LNG locations will follow.

InfraVia Capital Partners announced the acquisition by InfraVia European Fund IV of Molgas Energy Holding. Molgas is a small-scale LNG platform with a 20+ year track record. Molgas provides in Spain, France and Portugal (i) integrated LNG infrastructure solutions to more than 100 off-grid industrial customers, (ii) owns and operates LNG filling stations for heavy-duty trucks and (iii) provides bunkering infrastructure and services to shipping companies.

Enagás and bp Oil España signed an agreement to promote projects to reduce emissions in Spain, supporting development of projects of infrastructure for LNG and compressed natural gas (CNG) for sustainable transport and promotion of renewable gases. According to Enagás, the European Commission will support initiatives which promotes more sustainable and efficient transport, specifically two new projects to supply LNG to ships in Barcelona and Algeciras. Enagás reported a net profit of €236.3 million for the first half of 2020, 9.4% more than in the same period of the previous year.

Naturgy said that it had agreed with natural gas suppliers to terminate various long-term supply contracts early for an annual volume of approximately 20 TWh (1.323 million tonnes). The company said it aims to continue reaching agreements with other suppliers on amending contractual volume and/or price conditions in the second half of the year.

Repsol and Nortegas Green Energy Solutions signed an agreement to promote the installation of a network of natural gas for vehicle (NGV) supply points at the Repsol Group service stations. Nortegas is also developing several biomethane production projects.

Hill International announced that it was selected by the Natural Gas Infrastructure Company of Cyprus (ETYFA) to lead an international consortium and provide owner's engineer services in connection with the Cyprus Liquefied Natural Gas (LNG) Import Terminal Project at Vasilikos Bay. The project's main components include: a former LNG carrier with a storage capacity of 136,000 cubic meters that will be converted to a floating storage and regasification unit (FSRU) in China; construction of a jetty and a jetty-borne gas pipeline; construction of an onshore gas pipeline and associated infrastructure. ETYFA has
entered into an agreement with the joint venture of China Petroleum Pipeline Engineering, Metron, Hudong-Zhonghua Shipbuilding, and Wilhelmsen Ship Management to engineer, procure, construct, manage, and operate the project.

Poland’s refiner PKN Orlen signed a letter of intent (LOI) to take over its compatriot oil and gas exploration and production company PGNiG, PKN Orlen said. GAZ-SYSTEM on 20 July 2020 launched non-binding Market Screening for new transmission capacities as well as new regasification capacities of planned LNG Terminal (FSRU). Commissioning is expected for 2026/2027 prospective. The FSRU will be located in the area of Gdansk.

Gazprom said that its net sales of gas to Europe and other countries decreased by RUB 378 billion, or 45%, to RUB 459 billion for the first three months of 2020 compared to the same period of 2019. The change was mainly due to the decrease in average prices in RUB by 36% and the decrease in volumes by 17%, or 10.8 bcm (from 62.4 to 51.6 bcm).

GTT received, at the end of June 2020, an order from the Russian shipyard Zvezda Shipbuilding Complex for the tank design of five ARC7 ice-breaking LNGCs on behalf of a Russian shipowner. The vessels will contribute to the Arctic projects of Novatek. GTT will design the tanks of the vessels, which will be fitted with the Mark III membrane containment system. The delivery of the vessels is planned between the first and last quarters of 2023. Wärtsilä was contracted to deliver a complete bridge systems installation for five ice breaking LNG-fuelled tankers to be constructed for the Arctic LNG-2 project.

NOVATEK and Mitsui O.S.K. Lines (MOL), respectively, announced that an Ice-Breaking LNG Carrier for the Yamal LNG project delivered an LNG cargo at the Ohgishima LNG Terminal in Tokyo Bay via the Northern Sea Route for the first time.

[South America]

Golar Power, a joint venture between Golar LNG and Stonepeak Infrastructure Partners, announced the execution of a Memorandum of Understanding (MOU) with Norsk Hydro to develop the first LNG terminal in the North of Brazil. The project is proposed to supply LNG to Norsk Hydro’s Alunorte refinery plant located close to the Vila do Conde Port in the Municipality of Barcarena, State of Pará, Brazil, through an FSRU that Golar Power plans to bring into operation during the first half of 2022. The terminal also aims to supply gas to the Centrais Elétricas Barcarena 605 MW thermal power plant, which is a subsidiary of Golar Power, previously contracted under a 25-year PPA. Golar Power entered into a strategic alliance with Galileo Technologies.

Brazil’s Petrobras prequalified 10 bidders for the long-term lease of its Bahia LNG import terminal and associated pipeline. The potential bidders include: Golar Power Latam Serviços Marítimos Ltda; Gás Natural do Brasil S.A.; Companhia de Gás da Bahia (Bahiagás);
Repsol LNG Holding S.A.; BP Energy do Brasil Ltda.; Compass Gás e Energia (Cosan); Total Gás & Eletricidade do Brasil Ltda; Shell Brasil Petróleo Ltda; Excelerate Energy L.P; and BG do Brasil Ltda.

Global Energy Ventures (GEV) signed a Joint Development Agreement (JDA) with Porto Norte Fluminense (PNF) and GEV’s Brazil country associate, GAIA, to evaluate and promote the development of a CNG to Power project in Brazil.

Sycar (a company based in the United States) said it is working with an LNG trading firm to install the FSRU to fuel a power plant in the El Oro province in Ecuador. The project is being developed for Bajo Alto in El Oro Province near the existing 130 MW Thermo Gas Machala Power Plant. As the project has been awarded a concession from the Undersecretary of Ports as well as the FSRU operation approval from the Secretary for the Regulation and Control of Hydrocarbons in Ecuador, the company is in the process of environmental licencing to be obtained by the fourth quarter of 2020.

[Global issues]

The Oil and Gas Climate Initiative (OGCI) announced a target to reduce the collective average carbon intensity of member companies’ aggregated upstream oil and gas operations to between 20 kg and 21 kg CO2e/boe by 2025, from a collective baseline of 23 kg CO2e/boe in 2017. The target covers both carbon dioxide and methane emissions from OGCI member companies’ operated upstream oil and gas exploration and production activities, as well as emissions from associated imports of electricity and steam. OGCI will be working on specific actions on emissions from LNG and gas-to-liquids (GTL), to take their collective ambitions further.

Estimates from satellite data show global gas flaring increased to levels not seen in more than a decade, to 150 billion cubic meters (bcm), according to data released by the World Bank-managed Global Gas Flaring Reduction Partnership (GGFR).

Shell released its second quarter 2020 results. Shell’s LNG liquefaction volumes fell to 8.36 million tonnes in Q2’20, compared to 8.88 million tonnes in Q1’20, and are expected to fall further to 7.6 - 8.2 million tonnes in Q3’20. Due to price lag in oil-linked LNG term contracts, the impact of low oil prices is expected to become more significant in the third quarter, the company said.

bp unveiled a new strategy aimed at transforming the company within a decade to put the company on track towards climate neutrality. The company foresees shrinking oil and gas output by 40% compared with 2019 (to 1.5 million boe/d, from 2.6 million boe/d). bp will increase its LNG portfolio to 25 mtpa by 2025 and to at least 30 mtpa by 2030, compared to 14.9 mtpa today.
Total announced exceptional USD 8.1 billion asset impairments including USD 7 billion in Canadian oil sands and USD 0.8 billion LNG assets in Australia for the 2nd quarter of 2020. Eni posted a loss of €4.1 billion for the quarter, largely due to asset write downs of €2.8 billion. ExxonMobil announced an estimated second quarter 2020 loss of USD 1.1 billion. Chevron reported a loss of USD 8.270 billion for the second quarter of 2020.


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