

# **Qatargas achieves major milestone with North Field Bravo Living Quarters Expansion project**



Qatargas has achieved a major milestone with its North Field Bravo (NFB) Living Quarters Expansion (LQX) Project as it safely and successfully completed the onshore fabrication of the living quarters' structure locally, a first in the country.

The fabrication was done by Nakilat-Keppel Offshore Marine (N-KOM) at the Erhama Bin Jaber Al Jalahma Shipyard. The project is significant for Qatar as it is for the first time that a major offshore living quarter's structure has been entirely fabricated at a local yard in the country.

Qatargas organised a ceremony to mark the sail-away of the jacket and topside of the structure at Ras Laffan. The event was attended by Qatargas' shareholders and senior executives, N-KOM, and the project's contractor, Rosetti Marino.

“This project is a historic milestone for Qatar as it highlights a new and important capability. This achievement showcases the capabilities, skills and resources which are available locally at the Erhama Bin Jaber Al Jalahma Shipyard for the fabrication of large and complex offshore structures,” said Khalid bin Khalifa al-Thani, chief executive, Qatargas.

Qatargas had awarded the engineering procurement and construction contract for the LQX project to Rosetti Marino that undertook engineering designs in Italy. All the fabrication work was undertaken by N-KOM at the Erhama Bin Jaber Al Jalahma Shipyard at Ras Laffan Port.

The project provides for additional living quarters which will increase the capacity of the NFB Offshore living quarters by 90 personnel on board. When fully installed, this will allow for the catering of additional operational requirements.

The project work scope includes the construction of a four-legged jacket and piles weighing about 2,200 tonnes. This will support the new living accommodation platform weighing around 2,800 tonnes and consisting of five decks, a fully equipped helideck, six bridge links to existing living quarters, services and utilities.

The project has recently achieved 2.5mn safe man-hours without any lost time incidents with a peak manpower rate of over 900 people. The next major milestone of the project is the safe transportation and installation of the 5,000 tonnes of structure to offshore NFB this month. The load out, sail away and installation activities will be carried out by subcontractor Heerema using their heavy lift vessel ‘Aegir’.

“This project is not only a milestone achievement for Qatar but also an excellent testament to N-KOM’s experience in handling offshore fabrication projects,” according to Nakilat chief executive Abdullah Fadhalah al-Sulaiti.

The original NFB accommodation, installed in 1995, was

designed for the operational needs of Qatargas Trains 1 and 2. The offshore accommodation expansion project was initiated to cater to the changes in the operational requirements following various expansion projects. Brownfield modifications will also be done on the existing living quarters and platform to properly integrate the new additional living quarters.

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## **Qatargas delivers 'commissioning LNG cargo' to India's newest Mundra terminal**



Qatargas has supplied a commissioning liquefied natural gas (LNG) cargo for India's newest LNG receiving terminal – Mundra, located on the west coast of India.

The cargo was loaded in Ras Laffan on January 17 on the Q-Flex LNG vessel, Murwab, with an overall cargo carrying capacity of 216,000 cubic metres. It arrived at Mundra terminal on January 22.

Mundra is the second LNG terminal that Qatargas helped commission in India within the past year. It followed an

earlier commissioning cargo, which was delivered by the company to the Ennore LNG receiving terminal, near the southern Indian city of Chennai, in February 2019.

The Mundra terminal is located in Adani Ports and Special Economic zone in Kutch district of the western Indian state of Gujarat.

The terminal's nominal capacity is 5mn tonnes of LNG per year (mtpy), and it can receive vessels with a capacity between 75,000 cubic metres and 260,000 cubic metres. The terminal comprises of two storage tanks – each with an overall capacity of 160,000 cubic metres.

Qatargas has established a strong partnership with India since July 1999 when it started supplying LNG to Petronet. Since then it has delivered more than 2,000 cargoes under its various long-term sales and purchase agreements as well as supplying significant volumes into the short term and spot markets.

India is a key market for Qatargas given its geographical proximity and growth potential. Upcoming developments such as new terminals and other gas related infrastructure will increase India's capacity to import LNG from 30mn tpy to 44mn tpy, a 46% increase as India continues to make strides in achieving its ambitious target of 15% gas in the energy mix.

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**Turkey, Greece brace for  
standoff over Cyprus gas**

# drilling plans



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**Privatisation matters:  
Foreign investors express  
interest in LNG plants**



## **ISLAMABAD:**

Pakistan has managed to secure broad-based interest in the privatisation of multibillion-dollar liquefied natural gas (LNG)-fired power plants as a dozen global and local companies, including a military-backed local consortium, have shown interest by the end of the extended deadline.

As traditional aspirants, China and Saudi Arabia, have stayed away from the process, non-traditional investors from Japan, Thailand, the United Kingdom and Malaysia have come forward and submitted statements of qualification.

The Privatisation Commission had floated Expressions of Interest (EOI) in November last year, inviting local and global investors for the acquisition of nearly 2,500-megawatt two power plants, fuelled by Qatar's LNG.

"Till the expiry of the deadline on Friday, 12 reputed international and local firms have submitted statements of

qualification,” Privatisation Secretary Rizwan Malik told The Express Tribune. “We have secured sufficient competition and once pre-qualified, these companies can make four to five competitive consortiums,” said the secretary.

National Power Parks Management Company Limited (NPPMCL) owns the two power plants located at Balloki and Haveli Bahadur Shah with combined generation capacity of 2,453 megawatts. The government wants to sell NPPMCL in the hope of fetching a minimum of Rs300 billion or \$1.5 billion in non-tax revenue.

In the next step, the Privatisation Commission will evaluate the prospective investors and pre-qualify them for taking part in the bidding process. Pre-qualified firms will have around two months for conducting due diligence of the power plants.

Once the due diligence is done, the Privatisation Commission will announce the bidding date. “We expect to announce the bidding date by the end of March,” said the privatisation secretary.

Adra Power, Malaysia’s second largest independent power producer, has submitted documents. Adra was the only company that had submitted the statement of qualification before December 23 – the original deadline, which was subsequently extended for three weeks. Out of 12, nine companies are from Europe and Asia, depicting broad-based interest in one of the largest privatisation transactions in the history of Pakistan.

Two companies from Qatar have submitted the statement of qualification. Nebras Power, Qatar, is a global power development and investment company. The other party is Qatar Investment Authority.

The two power plants are run by LNG that Pakistan imports from Qatar under a 15-year deal, signed in 2015. However, the Power Division has claimed that due to the availability of cheap alternative fuels, the consumers will have to pay extra Rs471 billion from 2019 to 2025, if these power plants are run on

imported LNG.

Three Japanese companies have also shown interest in acquisition of the power plants. Marubeni is a major Japanese integrated trading and investment business conglomerate. Jera is a joint venture between Tepco FP and Chubu Electric Power and Mitsu and Co Japan has also submitted documents.

ASMA Capital Partners BSC of Bahrain has also shown interest. It is a multi-fund asset management firm incorporated in Bahrain. Global Power Synergy Company Limited, Thailand and Contours Global UK have also submitted documents.

Three local firms have submitted documents. A consortium of Fauji Fertiliser, Fauji Foundation and Mari Petroleum has come forward for the acquisition of the two power plants. Kot Addu Power Company and Atlas Power have also submitted bids.

However, China and Saudi Arabia have stayed away and their companies did not submit the statement of qualification till the closing time. In a bid to convince Chinese investors, the privatisation secretary met with the Chinese ambassador in Islamabad this week.

Chinese investors were reluctant to come forward due to the usual bureaucratic inefficiencies that had also delayed the sale of a majority stake in K-Electric to a Chinese company. The sale of Abraaj Group's stake in K-Electric to Shanghai Electric has been delayed by over three years.

About 19 companies procured documents from the Privatisation Commission including around 14 foreign firms after the government invited the EOI.

The Rs300-billion revenue is very crucial for the finance ministry, which is already struggling to manage budget books due to an anticipated shortfall of Rs700-Rs800 billion in Federal Board of Revenue's annual tax collection target of Rs5.5 trillion. The FBR has already suffered a shortfall of



Rs284 billion in six months of the current fiscal year.

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## **Natural gas drops below \$2 as US shale blitz overwhelms demand**



Natural gas futures sank below \$2 per million British thermal units for the first time since 2016 as an onslaught of US supply from shale basins overwhelmed demand for the heating and power-plant fuel. Aside from a few brief cold snaps, the weather hasn't been frigid enough to keep heaters on full blast and sustain a rally in gas prices. Though stockpiles ended last winter more than 30% below normal for this time of year, record production quickly replenished gas in underground storage. Since the shale boom began more than a decade ago, producers have been unable to shake off the supply glut that's kept prices in the doldrums even as new pipelines and exports plants send unprecedented amounts of gas to Mexico and overseas. While drillers have been remarkably successful in

ramping up output in recent years, their track record of doing so profitably has been mixed at best. "Prices have hinted at a break below \$2 multiple times throughout the past year and it have fought hard to resist a complete breakdown," said Daniel Myers, an analyst at Gelber & Associates in Houston. But the market finally caved as "Mother Nature pulls the rug out from under prices one more time." The latest weather models show above-normal temperatures across much of the East later in January, a sharp shift from earlier predictions for cooler conditions. That suggests a loss in demand for the heating fuel that's "the biggest so far this entire winter season," according to Commodity Weather Group LLC. Natural gas futures for next-month delivery fell as low as \$1.998 per million Btu just before the end of trading Friday in New York, but settled at \$2.003. Futures fell 26% in 2019, making gas one of the year's worst-performing commodities. Prices last dropped below \$2 in May 2016. Despite Friday's slump, the gas market remains vulnerable to dramatic price spikes at the first sign of a polar blast. There are two months of winter remaining, and hedge funds are holding the largest-ever bearish position in the fuel.

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## **Greece, Cyprus, Israel sign EastMed pipeline deal**



Greece, Cyprus and Israel yesterday signed an agreement for a huge pipeline project to ship gas from the eastern Mediterranean to Europe. The 2,000km (1,200-mile) EastMed pipeline will be able to carry between nine and 12bn cubic metres of gas a year from off shore reserves held by Israel and Cyprus to Greece, and then on to Italy and other southeastern European countries. The discovery of hydrocarbon reserves in the eastern Mediterranean has sparked a scramble for the energy riches.

Greek Prime Minister Kyriakos Mitsotakis, Israeli Prime Minister Benjamin Netanyahu and Cypriot President Nicos Anastasiades joined the ceremony at which their respective energy ministers signed the deal in the Greek capital. The EastMed project is expected to make the three countries key links in Europe's energy supply chain. The EastMed alliance "is of enormous importance to the state of Israel's energy future and its development into an energy power and also from the point of view of stability in the region," Netanyahu said in a statement issued as he left Israel for Greece yesterday. Mitsotakis said the pipeline was of "geo-strategic importance" and would contribute to regional peace. Earlier, Greek Energy Minister Kostis Hatzidakis called it "a project of peace and

co-operation”.

Anastasiades said his aim was “co-operation and not rivalry in the Middle East.” Avinoam Idan, a former Israeli government security official who is now a geostrategy expert at Haifa University, said of the deal: “It’s important for Israel, it’s important for the transit countries, Greece and Cyprus, and of course Europe.” As the new source of energy would not compete with Russian supplies to the EU, “there is no reason to see it as a big change in the geopolitical dynamic in Europe’s energy market,” he told AFP. The Greek economic daily Kathimerini said on Wednesday that Athens and Nicosia had been in a hurry to finalise EastMed so as “to counter any attempt to stop the project.” The cost of the installation from the eastern Mediterranean to Italy is estimated at €6.0bn (\$6.7bn).

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## **Spain smooths way for LNG to boost biggest storage hub in Europe**



Spain is undergoing the biggest overhaul of its liquefied natural gas system in an effort to boost its role as a key storage and trading hub for the fuel. With more LNG terminals than any other country in Europe, Spain is turning its domestic-focused network into one more accessible to global traders. Starting next year, the country plans to reform its storage limits and fees that have in the past deterred shippers from stockpiling and reloading LNG there. The timing couldn’t be better as new plants from the US to Russia add ever more LNG to a market in a market that’s already testing

storage limits. That supply glut resulted in a record number of LNG cargoes sailing to Europe last month, a trend poised to continue through the rest of the year.

“The high costs of using Spanish infrastructure meant that Spain largely lost out to other European countries in the reload arbitrage to Asian markets in 2017-18,” said Leyra Fernández Díaz, a global gas analyst at Energy Aspects Ltd. “This will likely no longer be the case after the reforms.” Spain’s terminals have about the same combined storage capacity as its two closest rivals, Britain and France, put together, according to Gas Infrastructure Europe. Spain also boasts the oldest working terminal in Europe, with its Barcelona facility in operation since 1968. From October next year, LNG traders using Spain’s terminals won’t need so-called bundled deals that oblige them to deliver gas into the nation’s grid. They’ll also be able to tender for space over set periods, a common practice at other European hubs. “LNG storage capacity will be offered as an unbundled service through regular auctions as standard products: yearly, quarterly, monthly, daily and intra-daily,” said Agustin Alonso of Spain’s National Commission of Markets and Competition.

“Users will have to pay the price resulting from the auction for the whole amount of the capacity booked, regardless of whether they use it or not.” It’s a departure from the present system, which is geared toward supplying Spain, the European Union’s sixth-biggest gas user. Daily fees are charged for storage and stiff penalties are imposed for those who exceed set thresholds including how long they hold supplies. Abolishing those penalties will cut about \$0.56/mmbtu from the cost of storing a cargo for a month, according to Energy Aspects. That’s about 10% of the current benchmark rate for LNG in Asia, the biggest user of the fuel. That would be welcome news to LNG traders who this summer and autumn had little choice but to dump cargoes in Spain as a wave of

incoming supplies filled Europe's storage sites. While Spain did import LNG as utilities burned more gas, what traders often need is a place to keep fuel for re-exporting or for use in the future. A reduction in tariffs still needs to be approved by the CNMC. Capacity products will be available from October 1, and the first auction of the yearly products will take place in September. Spain may still have a way to go to rival the trading hubs of Britain's National Balancing Point and the Title Transfer Facility in the Netherlands.

Both have extensive cross-border pipeline links and liquid trading markets that Spain lacks. "This initiative might increase trading in Spain a little bit but will it make any difference to European gas trading? I doubt it," said Patrick Heather, a senior research fellow at the Oxford Institute for Energy Studies. Even so, the reforms complement plans unveiled earlier this year to treat all of Spain's LNG terminals as a single virtual hub. The aim is to boost trading between the ports and reduce congestion at a particular location. Current rules make traders trade within a specific terminal. "Storing at onshore LNG terminals in Spain is to become more competitive than floating storage," Energy Aspects' Fernandez Diaz said. "The creation of the virtual LNG hub will abolish costly penalties for storing LNG."

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**Qatargas LNG production achieves 'best in class' reliability performance of**

# 98.8% in 2019



Qatargas' liquefied natural gas (LNG) production is on target achieving the "best in class" reliability performance of 98.8% while the Laffan Refinery achieved a strong reliability of 98.6%, well ahead of the current year targets.

The world's top LNG company's "achievements in 2019 and its strong performance" in a wide range of areas were highlighted at its Annual Town Hall meetings held in Doha and Al Khor recently.

The company also completed "successful and safe" shutdowns of three of its mega LNG trains to ensure their reliability.

Qatargas maintained a "strong environmental and safety performance" as it achieved a flaring rate of 0.38 against a target of 0.44 thanks to a successful flare reduction project whereas the greenhouse gas (GHG) emission rate showed 0.35 against a target of 0.42.

In the year under review, Laffan Refinery 1 marked 10 years of operation without any Lost Time Incident (LTI) and the company successfully completed two key environmental projects – the Waste Materials Management facility and the Treated Industrial and Process Water facility.

Updates on the North Field Expansion (NFE) and North Field Production Sustainability (NFPS) projects were provided during the event.

While the NFPS project will ensure that the current production capacity of the North Field offshore wells is well maintained into future, the NFE project will further enhance Qatar's production capacity from the current 77mn tonnes per year (Mtpy) to 110mn Mtpy by 2024. Updates on the Barzan Pipeline and Helium 3 projects were also provided during the event.

The 2020 strategic goals, as explained during the meetings, included striving for an "Incident and Injury Free" workplace, improving uptime availability, reliability and utilisation of the LNG plants to achieve full plant capacity and meet supply rights; and enhancing and promoting reliability culture across the organisation to drive efficiency.

In addition, further strategic goals were identified as maximising revenue by penetrating new markets; maximising customer satisfaction while retaining contractual and financial performance; and achieving Qatarisation targets through a skill-based Qatarisation strategy.

At the events, Qatargas performance, challenges and strategic goals were reviewed.

The Town Hall meeting is an open forum for employees to meet with Qatargas' chief executive officer and the management leadership team for discussions on the company's performance, future challenges and strategic goals for the year ahead.

A question and answer session followed in which Qatargas CEO Sheikh Khalid bin Khalifa al-Thani, and the management team replied to employee's questions and enquiries on work-related matters.

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**Natural gas in increased focus on world stage, al-Kaabi tells GECF meeting**





Natural gas is getting increased focus on the world stage as it provides the right balance of reliable and secure sources of energy, which can not only drive growth but also help address the environmental concerns, Qatar has said.

HE Minister of State for Energy Affairs Saad bin Sherida al-Kaabi, made this remark at the extraordinary ministerial meeting of the Gas Exporting Countries Forum (GECF) in Malabo, Equatorial Guinea.

The extraordinary meeting is held in preparation of the fifth Heads of State Summit, which will also be held in Equatorial Guinea.

Referring to the relevance of associating the UN Sustainable Development Goals with greater access to a versatile, flexible, economic, and clean source of energy, he said: “we are pleased to note the increasing attention natural gas is receiving as an important clean fuel in the global energy mix, and as a significant contributor to economic prosperity and environmental efforts to reduce emissions.”

Many countries around the world are reaching the conclusion that natural gas does provide the right balance of reliable and secure sources of energy, which can drive economic growth, and help address environmental concerns at the same time, said al-Kaabi, who led Qatar’s delegation.

Qatar will hold the sixth heads of state summit of GECF in 2021.

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# Demand slowdown in top gas buyer set to worsen



Bloomberg/ Beijing/Singapore

A slowdown in gas demand growth in China, the driver of global use over the past two years, is expected to slacken further, adding to investor concern as supply continues to build.

Consumption in 2021-2025 will grow at a slower pace than it has in the current five-year period, a researcher at China's economic planning department said at the BloombergNEF summit in Shanghai on Wednesday. Furthermore, a weaker economy and rising imports via pipeline could shrink the share of liquefied natural gas in the overall Chinese market, according to gas utility ENN Energy Holdings Ltd.

The country's overall gas use has expanded 9.5% so far this year, down from 18% in 2018, amid concerns that the slowing economy has prompted the government to focus less on pollution control, which had earlier helped spur demand for the fuel.

That contrasts with the boom in 2017-2018, when President Xi Jinping's calls for blue skies sparked a race among local governments and businesses to switch millions of homes and

factories from burning coal to using more of cleaner-burning gas.

The demand slowdown has pushed LNG prices in Asia lower by almost 40% this year, a slump also aided by China's rising domestic output of the fuel.

China's gas demand growth will likely slow over the duration of the 14th Five-Year Plan from 2021 to 2025 compared with current levels, Tian Lei, an assistant professor at the National Development & Reform Commission's Energy Research Institute, said in an interview on the sidelines of the BNEF summit.

Consumption will probably be weaker at the start of the five-year period, before accelerating toward the end due to environmental pressure, he added.

A sharp deceleration in China's economic growth – with gross domestic product expanding in the third quarter at the slowest rate in decades – coupled with rising pipeline imports following the start-up of the Power of Siberia line from Russia, could cut LNG's market share in China and lower import growth, according to Mark Lay, deputy general manager of ENN.

China's LNG imports gained 14% this year through October after rising more than 40% in each of the prior two years. Increased domestic gas production amid the nation's efforts to bolster energy security will also erode overseas purchases, said Daniela Li, a BloombergNEF analyst.

Despite prospects of a slowdown, the current gas consumption levels still represent "extraordinary growth," said Bernard Samuels, vice president of China gas development at Royal Dutch Shell Plc. The government's plans for a national pipeline company could help lower prices for domestic customers and boost demand, he said.