

# LNG investments hit record \$50bn in 2019: IEA chief



Reuters Tokyo

Record investments of \$50bn have turned 2019 into a banner year for liquefied natural gas (LNG), with Canada and the United States being the main drivers, the chief of the International Energy Agency (IEA) said yesterday.

The industrial sector is Asia's biggest driver of LNG growth, with China expected to overtake Japan as the world's top importer of the fuel in five years, said Fatih Birol, the agency's executive director.

"This year, 2019 already broke the highest amount of (final investment decisions) for the first time ever, \$50bn," he told the annual LNG Producer-Consumer conference in Tokyo.

More than 170bn cubic metres (bcm) of natural gas liquefaction capacity is due to take a final investment decision this year, a record far surpassing the previous high in 2005 of 70 bcm, according to the IEA.

The recent boost in contracting activity and project sanctioning follows the growing adoption of the equity offtake



# Petronet for US LNG



Tellurian Inc. said it signed a \$7.5 billion agreement for India's Petronet LNG Ltd. to buy into its proposed liquefied natural gas terminal in Louisiana, in what could potentially be one of the largest foreign investments in the U.S. to ship shale gas abroad.

Petronet will spend \$2.5 billion for an 18% equity stake in the \$28 billion Driftwood LNG terminal – the largest outside holding so far in the project – and negotiate the purchase of 5 million tons of gas per annum. The remainder of the total will come from debt, Tellurian Chief Executive Officer Meg Gentle said.

The companies plan to complete the accord by March 31, by which time Tellurian hopes to have signed up partners to enable it to proceed with the project.

“We will sign the document sometime in the first quarter and we will have financing ready to close simultaneously, and then

we will begin construction,” Gentle said in a telephone interview. “India is one of the fastest growth markets for LNG and should soon become the second-largest LNG importer.”

The deal, signed in Houston in the presence of Indian Prime Minister Narendra Modi, underscores a record year for the LNG industry, with tens of billions of dollars worth of export projects given the green light. The surge of new supply from America’s trove of shale gas has rendered the once-premium fuel accessible for emerging markets such as India, currently the sixth-largest buyer of U.S. LNG.

“People should not be surprised this came,” said Tellurian co-founder Charif Souki, who also started America’s largest LNG exporter Cheniere Energy Inc. “The United States and India have a significant issue diametrically opposed. We have too much gas that we don’t know what to do with and India needs greater gas, and 1 million tons a time is not going to solve the problem.”

The Petronet deal, the largest by an Indian company in U.S. LNG, comes days after the gas industry’s all-important GasTech conference and coincides with Modi’s much-anticipated visit to Texas. He’s set to take the podium at Houston’s NRG Stadium with President Trump on Sunday and address a crowd of more than 50,000.

“This deal will further help diversify India’s energy supplies,” said Lydia Powell, who runs the Centre for Resources Management at the New Delhi-based Observer Research Foundation think tank. “The U.S. wants to displace Middle East supplies and India is a large market.”

Petronet’s investment is vying to be the largest by a foreign entity with one that Sempra Energy expects to finalize in Texas with Saudi Aramco.

Tellurian expects to finalize the last 4 million tons needed for Driftwood’s first phase with one or two partners in the

coming months, Gentle said. Petronet's share represents about \$2 billion in annual fuel sales for the life of Driftwood, she said.

"It supports the drilling industry and the pipeline industry, and there is going to be an enormous amount of resources," Souki said.

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## Talks on track for Qatar-Germany LNG project: envoy



Preparations are ongoing for the arrival of a large trade delegation led by the Prime Minister of the Federal State of Lower Saxony, Stephan Weil, who is scheduled to visit Qatar by November-end, German ambassador Hans-Udo Muzel has said.

Muzel said Lower Saxony hosts several ports where a proposed LNG distribution terminal would be located.

He said discussions with Qatar Petroleum (QP) are underway and that "there are ports in Germany that are tendering for the project."

“Lower Saxony is where the ports are located and the home of Volkswagen. It is a very commercially active business state with ports on the North Sea coast, as well as the food chamber of Germany with a lot of agriculture-related and food processing industries. In this context, we are looking forward to have continued talks on the LNG terminal and other projects,” Muzel told reporters on the sidelines of a recent meeting.

In an earlier statement to *Gulf Times*, Muzel said Germany is looking to source some of its liquefied natural gas (LNG) needs from Qatar as part of the Western European country’s energy supply diversification plans.

“Germany is also actively looking at diversifying its energy supply and considering options to set up an LNG terminal. In this context, German companies are, of course, talking to Qatar Petroleum concerning the supply of LNG to Germany in the near future,” the ambassador said.

Quoting HE the Minister of State for Energy Affairs and QP president and CEO Saad Sherida al-Kaabi’s interview with business daily *Handelsblatt* in Berlin last year, Reuters reported that QP was in talks with German energy firms Uniper and RWE for the establishment of a local LNG terminal.

Reuters also reported an RWE spokesperson saying that discussions with QP were not about a shareholding in a potential German LNG terminal but potential gas deliveries to Germany.

Muzel also said the German embassy in Doha is also gearing up for the visit of Deputy Minister of Economics and Energy Thomas Bareiss on November 1 for the ‘Qatar IT Conference and Exhibition (2019)’.

Similarly, preparations are being made for the next official meeting of the Joint Task Force on Trade and Investment on the sidelines of the Doha Forum 2019 slated for December 14-15, the ambassador said.

“Qatar and Germany are keen to keep stronger political and economic relations,” Muzel said.

Asked about the status of the €10bn pledged by His Highness the Amir Sheikh Tamim bin Hamad al-Thani during the ‘Qatar-Germany Business and Investment Forum’ held in September 2018 in Berlin, Muzel said some of the funds would be utilised to spur further growth in the SME sector and in promoting young

entrepreneurs through private sector expertise to steer the direction of the investments.

“There are key investments in many different sectors, and Qatar’s investments are very much welcome because they contribute a lot, and we have a great experience with Qatari investors,” Muzel added.

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## **Exxon Mobil, Shell among groups picked to build 5 Pakistan LNG terminals**



Pakistan has selected groups that include Exxon Mobil Corp and Royal Dutch Shell to build five liquefied natural gas (LNG) terminals as it aims to triple imports and ease gas shortages. The terminals could be in operation within two to three years, Omar Ayub Khan, Pakistan’s minister of power and petroleum, said in an interview on Friday.

Pakistan is chronically short of gas for power production and to supply manufacturers such as fertilizer makers, hobbling the country's economy.

"It will make a significant dent in the gas shortage," Khan said.

The groups selected to build terminals are Tabeer Energy, a unit of Mitsubishi Corp; Exxon and Energas; Trafigura Group and Pakistan GasPort; Shell and Engro Corp; and Gunvor Group and Fatima.

It was not immediately clear if the companies involved had made final investment decisions to proceed.

The five must submit plan details to the ministry of ports and shipping by Nov. 5 for approval, but cabinet has already approved them, Khan said.

Pakistan's two LNG terminals currently have 1.2 billion cubic feet per day of capacity, and a third expected to come on line next year will add 600 million cubic feet per day, Khan said.

The country has sought bids for a 10-year LNG supply tender for the current terminals and the results will be announced in two to three weeks, Khan said.

It was unclear what capacity the five new terminals will have, but Khan said they could collectively triple Pakistan's LNG import capacity.

The arrests this summer of two LNG industry executives by the National Accountability Bureau raised some concerns about the risks of investing in Pakistan.

But Khan said the interest of five investment groups speaks for itself.

"That is a ringing endorsement that (Pakistan's) policies are clear and transparent," he said. "It's a competitive market."



The cost of building the terminals and finding buyers for the gas will be up to the groups, and they will pay Pakistan a royalty based on volume, Khan said.

Pakistan's contribution will be funding construction of a \$2 billion north-south pipeline to distribute the gas, and storage facilities, he said.

Pakistan's fertilizer industry has coped in the past year with a steep increase in government-set natural gas prices, Sher Shah Malik, executive director of Fertilizer Manufacturers of Pakistan Advisory Council, said in an interview on Thursday.

Gas is the main ingredient in production of urea fertilizer.

Two of Pakistan's urea plants lack gas to run regularly, and one closed last year, forcing Pakistan to import fertilizer.

Since LNG is often too expensive for making fertilizer, the government should also expand domestic gas exploration before reserves are depleted, Malik said.

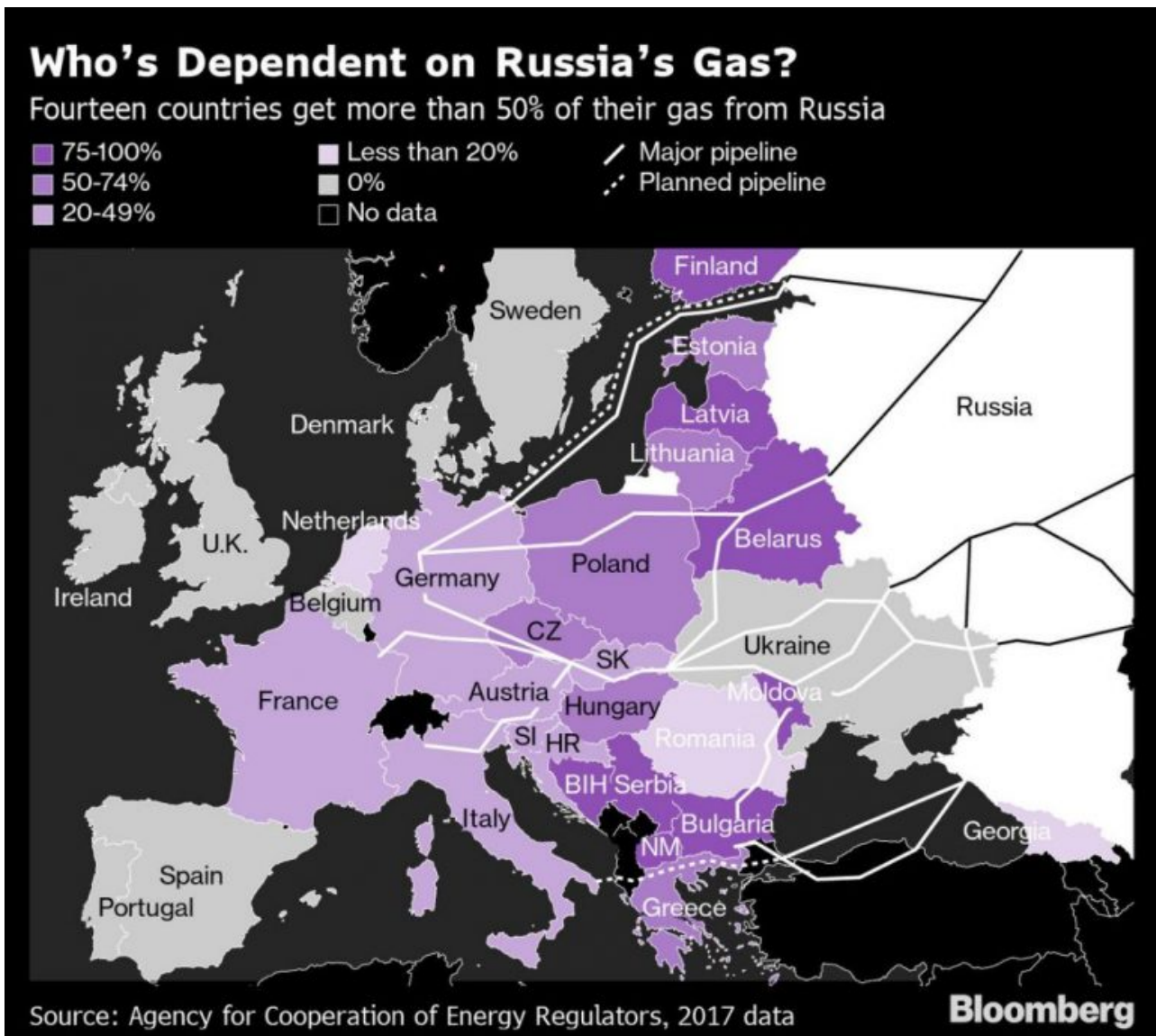
"We are heading for very difficult times," he said. "If nothing happens, we'll be high and dry."

Source: Reuters (Reporting by Rod Nickel in Islamabad; additional reporting by Sabina Zawadzki in London; editing by Tom Hogue and Jason Neely)

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## **Russia's Main Gas Route to Europe Seen at Risk After**

# Opal Ruling



(Bloomberg) – Russia may hesitate to strike a multiyear deal with the European Union and Ukraine on natural gas supplies after an EU court ruling on a key German pipeline.

The judgment last week reduces the options Gazprom PJSC has to ship billions of dollars of gas to its biggest market without using Ukraine's pipeline network. But Russia may see the logic in the decision as flimsy and consider it to be a political rather than a valid legal move, said Katja Yafimava, a senior research fellow at the Oxford Institute for Energy Studies who specializes in European gas regulation.

The three sides are poised to resume talks this week on a

replacement transit deal via Ukraine, because the existing one ends this year. There's a lot at stake for all parties. Europe gets more than a third of its natural gas from Russia and has limited options to replace all the supplies, while Russia gets a huge chunk of its foreign income from the sales and Ukraine is heavily reliant on the payments it gets from shipping the fuel through its territory.

"The European Commission might think it's got a stronger hand in negotiations, but I think that's faulty logic," said Yafimava by phone. "It lowers the chance of a long-term transit contract across Ukraine."

### How Russia supplied Europe last winter

Poland successfully challenged a 2016 European Commission decision that allowed Gazprom to use most of the capacity on the Opal pipeline, which carries Russian gas from the Nord Stream line to Germany. German regulator BNetzA followed up on the decision, enforcing its implementation, and said Gazprom's shipments through Opal must be reduced to half the capacity. Shipments began slowing along the pipeline on Saturday.

Other analysts including Rystad Energy AS and BloombergNEF have said the decision might actually spur a deal as it limits Gazprom's options. Russia will study the ruling, which "affects the overall situation with the energy supply of European countries," Energy Minister Alexander Novak said Thursday.

Gazprom could even blame the decision for increasing the risk of supply shortages this winter, Yafimava said.

"The ruling adds pressure to Europe's supply situation," said Yafimava. "It was not expected and the timing was very bizarre, a little before the trilateral negotiations for the Russian-Ukraine agreement. Before the ruling, Gazprom would have the insurance that it would have this capacity and now it is not sure anymore."

The U.S. and Poland are among nations seeking to hamper Nord Stream 2, a doubling of the capacity of the current link, which is meant to be finished this year but has faced issues with construction permits. Supplies from Russia via Ukraine's gas grid may halt if an expiring transit deal isn't replaced by the end of the year.

The latest court ruling moves Russia and Europe further away from each other and from a five-to-10 year Ukraine transit deal, because it further erodes what little goodwill was left, Yafimava said.

"It's a big gamble. Nowhere is Gazprom obliged to book on a 10-year basis," she said. "A long-term deal could have been done in exchange for removing obstacles for NS2, for instance, but the court decision on Opal makes it less likely."

-With assistance from Anna Shiryayevskaya.

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**Qatar Petroleum signs deals  
with Total to enter**

# exploration blocks in Namibia



Qatar Petroleum has entered into agreements with Total for a share of exploration and production rights in two blocks offshore the Republic of Namibia.

Under the agreements, which are subject to customary regulatory approvals by the government of Namibia and approvals by the partners in the blocks, QP will hold a 30% participating interest in Block 2913B, with Total (the Operator) holding a 40% participating interest.

The other partners in the block are Impact Oil (20%), and Namcor (10%). A first exploration well is scheduled to be drilled in the first half of next year.



Also under the agreements, QP will hold a 28.33% participating interest in Block 2912, with Total (the Operator) holding a 37.78% participating interest. The other partners in the block are Impact Oil (18.89%) and Namcor (15%).

On the agreements, HE the Minister of State for Energy Affairs Saad bin Sherida al-Kaabi, also the president and CEO of QP, said, "We are pleased to expand our global exploration

activities into Namibia, which further strengthens our presence in Africa. Working on these prospective frontier blocks with our valuable long-term partner, Total, will give another boost to our efforts towards implementing our international growth strategy.”

Al-Kaabi added, “We look forward to working together with the Namibian Government and with our partners in these blocks to achieve positive results that meet the interests of all parties.”

Blocks 2913B and 2912 sit adjacent to one another offshore Namibia. Block 2913B is 2,600-3,300 metres deep with an area of about 8,215 square kilometres, while Block 2912 is 3,300-3,800 metres deep with an area of about 7,813 square kilometres.

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## **Kuwait fans out to Australia and Canada in global gas push**



## Bloomberg/Kuwait

Kuwait plans to boost production from Canadian shale deposits by two thirds and increase output of natural gas in Australia as the Opec member ramps up efforts to find and develop overseas deposits of the fuel.

The international upstream arm of state-owned Kuwait Petroleum Corp sees output of almost 20,000 barrels of oil equivalent a day at its Canadian shale gas project by year-end, up from 12,000 currently, Sheikh Nawaf Saud al-Sabah, acting chief executive officer, said in a recent interview in Kuwait City.

“It will rise to about 60,000 or so once we fully develop it, which will be in the mid-2020s,” he said. “We’re just beginning to understand its potential.”

In Australia, the company known as Kufpec won exploration rights to three new blocks in February and April. It’s producing almost 40,000 barrels of oil equivalent a day in that country and aims to raise output and produce more liquefied natural gas for export, al-Sabah said, without specifying targets. Kuwait has long planned to increase its global capacity to produce gas as well as oil. The Gulf nation currently can pump as much as 3mn barrels a day of crude from its wholly owned fields, and KPC targets a daily capacity of 4mn by next year. As a member of the Organization of Petroleum Exporting Countries, however, Kuwait has pledged to cap its oil output as the group seeks to balance the market and prop up crude.

Like many energy producers, Kuwait sees gas as crucial to future growth. Gas use is seen rising faster than demand for oil and coal as policies shift toward lower carbon emissions. The amount of new gas-production capacity investments this year could set a record, according to consultant Wood Mackenzie Ltd.

In Alberta, Canada, Kufpec plans with its joint-venture partner Chevron Corp to start developing the Waskahigan and East Kaybob areas, drilling the first of more than 370 wells over 10 years. The areas are part of the Kaybob Duvernay

project producing shale gas and natural gas liquids.

“We continue to look for gas prospects in Australia,” al-Sabah said. Kufpec partnered with Woodside Petroleum Ltd at one of its blocks there, and al-Sabah’s company is exporting gas via Woodside’s Wheatstone LNG facility. Kufpec sells half its production from there under long-term agreements.

“The other half is sold with a break clause that allows us to take those molecules to Kuwait if and when we need it,” he said. “Right now the LNG market is essentially a buyers’ market, so it doesn’t make sense for us to break a long-term contract” just to sell to KPC when it can get competitive pricing elsewhere, he said.

LNG producers have feared that a massive build-out of new export projects, which began a decade ago, will outpace consumption growth and leave cargoes looking for homes. Spot prices have already tumbled since last fall and are at a steep discount to LNG sold on long-term, oil-linked contracts.

Kufpec, known formally as Kuwait Foreign Petroleum Exploration Co, may supply KPC when the global market tightens, possibly by the mid-2020s, al-Sabah said.

The company has total assets of 3.4bn dinars (\$11.2bn) and is well-funded right now for its current plans.

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**Dutch closing Europe’s  
biggest gas field raises  
concerns for hub**





Vanessa Dezem| Bloomberg

A decision to close Europe's biggest natural gas field is starting to raise concerns about the impact on the region's biggest trading hub for the fuel. The Dutch Title Transfer Facility has grown into Europe's largest gas market in the past few years, surpassing the U.K., partly because of the scale of flows converging in the Netherlands. A plan to shut down production at the Groningen field in the northeast corner of the Netherlands will make the nation dependent on imported gas. That's prompting questions about how the trading hub will work in the future, according to Annie Krist, chief executive officer at GasTerra, a venture between Royal Dutch Shell Plc, Exxon Mobil Corp. and the Dutch state that handles flows from the field. "The Netherlands has a very liquid and attractive natural gas trading hub," Krist said in a rare interview. "TTF is growing so well, that people seem to forget how we got there. If we don't have Groningen's flows, how is it going to be? Countries that are used to being dependent on imports, have other market mechanisms." After earthquakes caused by the earth settling as gas drained from the Groningen reservoir, the Dutch government has ordered the field to shut down

gradually by 2030. That will remove both a source of flows and some flexibility for the market.

Five years ago, GasTerra handled more than a fifth of all the gas produced in Europe. It's already been forced to adapt to output constraints at Groningen when tremors damaged nearby buildings.

But shutting down completely is a bigger step, one that's left Krist concerned about the impact on the broader industry in the Netherlands.

"That was the first moment when we heard about zero. Zero really means no more gas. And that for a country that is dependent on gas."

The giant Groningen field has been fueling Europe's energy needs, and the Dutch budget, since 1963. Its importance, coupled with the development of sufficient infrastructure for gas transportation and trading, helped the TTF take the crown of Europe's biggest market from the U.K.'s National Balancing Point in 2016.

But intensive gas production has generated a series of earthquakes, affecting inhabitants in the region and damaging the image of gas as a source of energy. The insecurity has forced the government to curb production, with output in the year to October seen rising to that limit, which is just a fifth of the field's peak in 1975-76.

The Economy Ministry vowed last year to close Groningen by 2030. Following further tremors related to production, its output after October is uncertain limbo after the nation's highest court demanded the ministry better explain how it weighed safety concerns of people in the region against security of supply.

And not only production levels are unclear. The TTF's role is also in question as the Netherlands goes from an exporter to

“a normal European importing country,” according to Krist.

“It will be interesting to see what balance we will have in terms of physical flows and how the liquidity in the hub will evolve as we shut down Groningen,” Krist said. “Whether or not players will think that the country is still interesting, is yet to be seen.”

In 2018, gas imports exceeded exports for the first time in the Netherlands, with the bulk of supplies coming from Norway, according to the Dutch national statistics office. The Netherlands will account for more than 60 percent of the decline in the region’s supply from 2018 to 2024, according to the International Energy Agency.

“The main question for me is how quickly the Netherlands will be able to adapt as it becomes a gas importer,” said Gergely Molnar, a gas analyst in Europe at the International Energy Agency. “A trading hub is trusted by market participants if it is always able to deliver the physical volumes. So the Dutch gas infrastructure must adapt to the changing trading balance.”

The country now needs to build up more import capabilities, conversion facilities and preserve seasonal storage capacity, he said.

So far, Groningen’s production reductions hasn’t had any effect on TTF’s liquidity. The Dutch gas hub’s ratio of traded volume to actual physical throughput, known as churn, surpassed 100 for the first time in July, according to Molnar. That compares with a rate of 10 to 30 for the NBP, 50 to 90 for the U.S. Henry Hub and below 1 for the barely liquid Japan-Korea Marker.

“History doesn’t show a strong correlation between a gas production cut and the hub liquidity,” Molnar said. “TTF has become important because of a number of factors beyond production, including infrastructure, legal framework and the

private sector's willingness to invest in gas trading capabilities."

As Groningen ramps down, the Netherlands is becoming more reliant on its so-called small fields to meet export obligations, most of which are in the final phase of their production cycle and produce gas that's too rich to be pumped directly into the region's networks.

"Amid restrictions, we have to decide on a day-by-day basis how much Groningen gas we need to add to other sources to guarantee security of supply," GasTerra's Krist said. "We have to secure the right balance, which is much harder now than it was in the past."

And with the Netherlands losing its role as a large producer, companies are questioning their own future. GasTerra's shareholders are discussing what to do with the whole value chain as Groningen production declines, "including the role of GasTerra in it," Krist said.

The Dutch government last year launched fiscal benefits for investments in gas exploration in the North Sea in order to try to preserve the offshore gas sector.

"That Groningen production would reduce was foreseen, but it's happening much sooner than originally was anticipated," she said. "It has not been business as usual in the last couple of years, and it definitely won't be. We need to adapt to this situation quite significantly."

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# Traders spot opportunity with LNG prices at rock bottom



LONDON (Bloomberg) – After prices plunged to their lowest on record for this time of year, traders say buyers from Japan to India have started to snap up cargoes in anticipation of a pickup in winter demand. Procurement for the colder season is only expected to intensify over what’s left of the summer.

“We have likely reached bottom,” Sanford C. Bernstein & Co analysts including Neil Beveridge said in a report.

The rout can be traced back to last winter, when mild weather dented demand for heating in large parts of the northern hemisphere. To make matters worse for producers, which are adding supply at a record pace, consumption for cooling in the past few months wasn’t very strong either. A market in contango is also pushing some traders to consider storing gas on tankers to sell later at a higher price, a practice that last year began later in autumn.

Another sign that demand is picking up can be spotted in the

shipping market. The cost of hiring a tanker on a spot basis East of Suez is at the highest since January. Oystein M Kalleklev, chief executive officer of vessel owner Flex LNG Ltd., expects the LNG market to become “increasingly tight” in the second half of the year, he said Tuesday on an earnings call.

Cargoes for early September delivery to North Asia were bought between high-\$3 to low-\$4/MMbtu, while October shipments are currently priced around the mid-\$4 level, according to traders.

In Europe, where inventories are already above last year’s high point, traders see the gap of as much as \$1.50/MMbtu between September and the fourth-quarter contract as an opportunity to sell the fuel later.

One tanker, Marshal Vasilevskiy, which loaded at Rotterdam last weekend, doesn’t appear to have a destination yet and is idling off the port, ship-tracking data on Bloomberg show. Also, at least three BP Plc vessels appear to be idling for longer than usual, according to the data.

S&P Global Platts defines floating storage as any laden trip that takes 1.75 times the standard length of time to reach its destination. The company, which provides commodity price assessments and market analysis, said traders will probably float cargoes for delivery in November and December, boosting prices during autumn in the European market.

“Even if charter rates triple from current levels, marginal LNG spot supply is still profitable selling into November or December,” Platts said in a report. “We expect this dynamic to limit European regasification rates and push LNG storage to its limits in October.”

While an uptick in prices at this time of year is normal, new supply from plants in the U.S. to Australia will likely curb any bigger gains.

A record 35 million tons of LNG capacity will be added globally next year, according to Bernstein. The U.S. alone will add about 17 million tons of capacity between the fourth quarter of this year and the first quarter of 2020, said Leslie Palti-Guzman, president and co-founder of GasVista LLC, an energy consultant in New York. All the new supply, coupled with demand at the mercy of deteriorating U.S.-China trade relations, is sending a bearish signal.

“The market should question the forward winter LNG curve price,” she said.

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**New US LNG export plans  
threatened as trade war drags  
on**



(Bloomberg) – Terms of Trade is a daily newsletter that untangles a world embroiled in trade wars. Sign up [here](#).

Liquefied natural gas may have dodged the latest round of Chinese tariffs on U.S. goods, but plans for new American terminals to ship the fuel abroad are under threat as the trade war escalates.

Tellurian Inc. and other developers will probably delay final investment decisions on multibillion-dollar U.S. LNG export projects to 2020 from this year as the tensions complicate negotiations with potential Chinese gas buyers, according to Bank of America Corp. While LNG isn't among the goods Beijing will target in retaliatory levies that take effect next month, a 25% duty imposed in June still stands, raised from 10% previously.

The trade dispute is intensifying as roughly a dozen companies look to become part of the so-called second wave of U.S. LNG



export terminals expected to start up in the next few years. Smaller developers face intense competition from deep-pocketed oil giants like Exxon Mobil Corp., Qatar Petroleum and Royal Dutch Shell Plc, which didn't need to sign long-term contracts before greenlighting their projects. A collapse in global gas prices amid a glut of supply from the U.S. to Australia is also pressuring the industry.

For an investment decision on Tellurian's \$28 billion Driftwood project in Louisiana, "we see delays as likely given current pricing headwinds, no resolution yet on the U.S.-China trade war, and minimal contract announcements in recent months," Bank of America analysts led by Julien Dumoulin-Smith wrote Friday in a note to clients. Joi Lecznar, a spokeswoman for Tellurian, said the company is still targeting a final investment decision this year.

Liquefied Natural Gas Ltd. will also likely push back a final investment decision on its Magnolia terminal in Louisiana to 2020 because of growing competition, and NextDecade Corp. may delay a decision on its Rio Grande project in Texas to next year, according to Cowen Inc. Toni Beck, a spokeswoman for NextDecade, said the company is still planning a final investment decision in 2019. LNG Ltd. declined to comment.

Shares of Tellurian fell as much as 19% Friday, the most since March, after surging earlier in the month. NextDecade dropped as much as 13%, while LNG Ltd. slipped 2.6%.

While China is a fast-growing market for gas, it hasn't imported any U.S. LNG since February, according to vessel tracking data compiled by Bloomberg. The Asian nation has received 62 American cargoes since 2016, putting it behind South Korea, Mexico and Japan.

Exports of U.S. shale gas have surged since 2016, when Cheniere Energy Inc. started up the Sabine Pass terminal in Louisiana, the first to ship LNG from the lower 48 states. The

nation is now the world's third-largest supplier of the fuel, after Australia and Qatar. Though two new U.S. terminals are about to begin exporting and more are under construction, failure to resolve the trade tensions could slow the industry's rapid growth.

"There's increased competition from players that don't really need third-party financing. China definitely didn't make it easier," Cowen analyst Jason Gabelman said in a telephone interview on Thursday.

With cargoes to China effectively halted and deliveries to Europe easing as low prices there reduce the incentive to ship U.S. gas farther afield, South America is soaking up much of the excess supply. So far this year, Argentina, Brazil, Chile and Colombia are snapping up the most U.S. LNG on record.

LNG developers may not be the only gas players hurt by the trade rift. It's also threatening U.S. gas producers relying on exports to ease the shale glut, particularly in the Permian Basin, where prices for the fuel dipped below zero earlier this year as pipeline bottlenecks forced drillers to pay others to take their supply.

For beleaguered U.S. gas drillers, "it's another negative," said John Kilduff, partner at Again Capital LLC, a New York-based hedge fund.

-With assistance from Kevin Varley.

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