Israel, Saudis Talked Gas Deals, Netanyahu Ally Says

Saudi Arabia has looked into buying Israeli natural gas, according to a former member of Prime Minister Benjamin Netanyahu’s cabinet, the latest sign of warming ties between two formally hostile nations.

The countries have discussed building a pipeline that would connect Saudi Arabia to Eilat, former Israeli parliamentary member Ayoob Kara, who cited conversations with “senior officials” in the region, said in an interview in Jerusalem. Eilat, the Israeli city which banks the Gulf of Aqaba and is about 40 kilometers (24.9 miles) from the border, was chosen for its proximity to Saudi Arabia.

An energy project of this magnitude would require formal diplomatic relations between Israel and Saudi Arabia and is likely to elicit political pushback. Israel remains largely unpopular in the Arab world for its treatment of Palestinians, who live under occupation in the West Bank and under siege in Gaza. Israel and Saudi Arabia have united behind closed doors in their antagonism toward Iran but formalizing an alliance may still be hard to achieve.

Kara has been one of Netanyahu’s closest advisers on relations with Arab countries and was among a handful of Israeli ministers to appear publicly in a Gulf state in the past year. “This is about mutual interest,” he said.

Representatives for the energy ministries in Israel and Saudi Arabia didn’t respond to requests for comment. The Saudi Information Ministry’s Center for International Communication also didn’t respond to a request for comment.

In Saudi Arabia, Israel would find an eager partner for its emerging natural gas industry. Companies found massive quantities of gas in Israeli waters about 10 years ago but have struggled to realize the fuel’s potential. The partners developing Israel’s biggest reservoir, have inked $25 billion in contracts but still have more than 80% of the reservoir untied to any buyers.

Saudi Arabia plans to invest more than six times that amount in gas over the next decade, in part to meet rising demand for cheaper electricity.

Regional Opposition

Mass demonstrations broke out in Amman in 2016 after the companies developing Israel’s biggest offshore gas fields signed a $10 billion contract with Jordan, home to millions of people of Palestinian origin.

While some Saudis argue that normalizing relations with Israel is a natural merging of interests, many others vehemently oppose the idea. Public resistance to establishing relations with Israel is so strong that a group of more than 2,000 citizens from different Gulf countries circulated an online petition last year “to stop all forms of normalization with the Zionist entity.” They signed their full names — a rare step in a region where freedom of expression is limited.

While leaders of the Arab world used to be united behind the Palestinians, that support began to wane with the rise of the Iranian threat to Sunni Gulf countries, Kara said. Saudi Arabia and its regional allies now pay “lip service” to the Palestinian cause, and are seeking upgraded military and economic ties with Israel to counter Iran, he said.

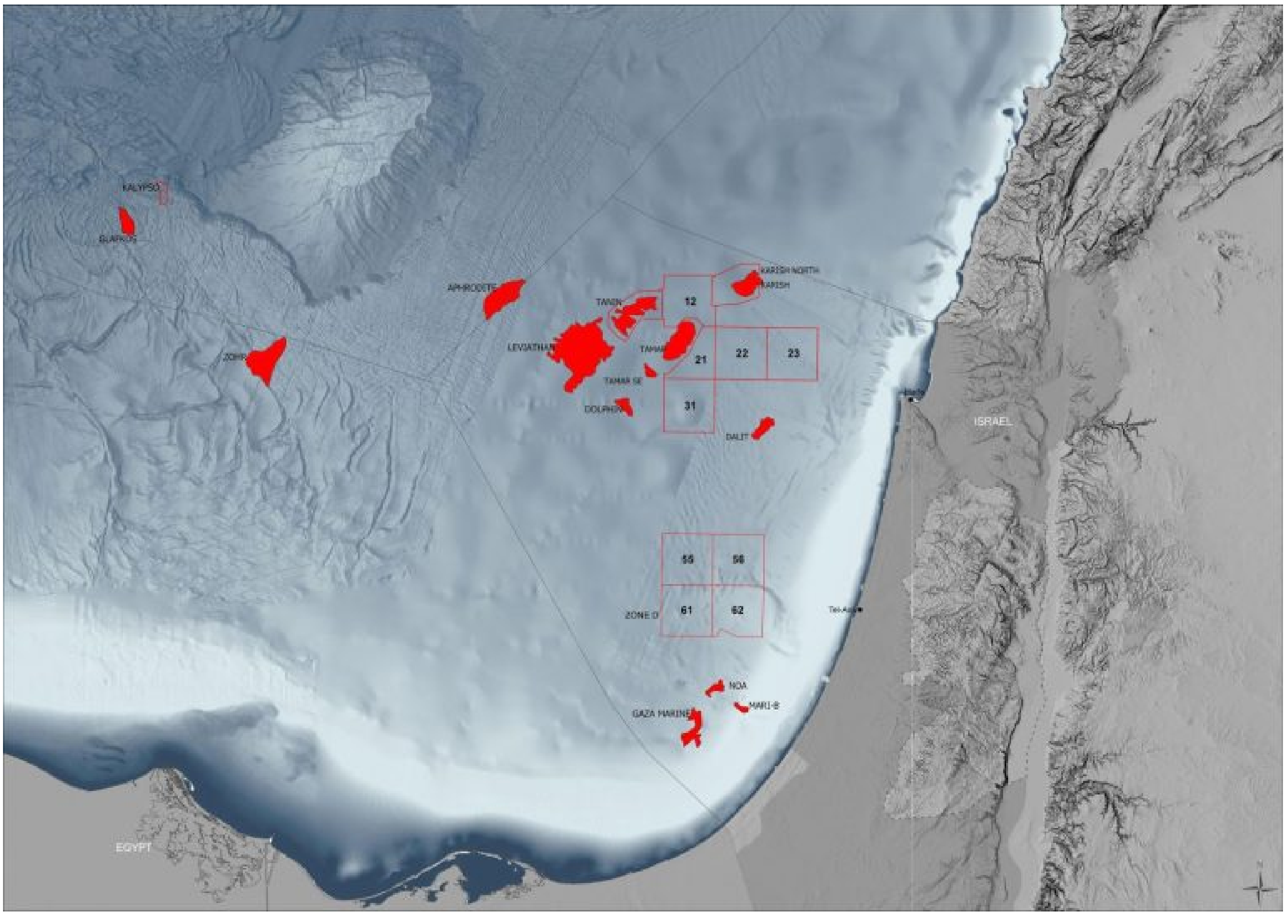
Gulf states are “not interested in the Palestinian issue,” Kara said. “All they care about is the security and future of their countries.”

Part of the discussions between officials center on a new energy corridor that would connect Saudi Arabia to the Eilat-Ashkelon Pipeline in Israel. This would allow the Arab kingdom to export its oil to Europe and markets further west while skirting a sea route where the U.S. has accused Iran of carrying out several attacks against commercial ships, Kara said.

Set up in 1968, Eilat-Ashkelon Pipeline Co. was then jointly-owned by Iran and Israel and facilitated oil exports from Iran to Europe. That relationship ended after Ayatollah Ruhollah Khomeini rose to power in Tehran in 1979 and he marked Israel as an enemy to the Islamic Republic.

— With assistance by Donna Abu-Nasr, and Vivian Nereim

Four Further Licences Awarded to Energean for Oil and Gas Exploration in Israel’s Exclusive Economic Zone (“EEZ”) – ENERGEAN OIL & GAS



Energean Oil and Gas plc (LSE: ENOG, TASE: □□□□ (is pleased to announce that Israel’s Petroleum Council has awarded the Company four new licences for oil and gas exploration in the Israeli EEZ. Energean submitted its proposal in partnership with Israeli Opportunity (20%). The awarded Licences were granted for Block D, located 45 km off the Israeli coast – and include Licences 55,56,61,62 (“Zone D”), offered in the recent Bid Round published by the Israeli Ministry of Energy. Energean has identified a prospect within Zone D analogous to the prolific Tamar Sand fields (Karish, Tamar, Leviathan etc) offshore Israel. The prospect is believed to extend towards the SW of the license contingent to further seismic processing. A relatively shallow Mesozoic prospect was also identified (four way closure).

Mathios Rigas, CEO of Energean, stated: “Energean has proven its ability and commitment to explore and develop resources in a timely and cost efficient manner in the East Med. The addition of the 4 new licenses contained in Zone D adds further upside potential to our portfolio”.

QP signs agreement to enter Guyana exploration blocks

QNA/Doha

Qatar Petroleum (QP) has entered into an agreement with Total for a share of exploration and production rights in two blocks

offshore Guyana in Latin America.
Under the agreement, which is subject to customary regulatory approvals by the Government of Guyana, Qatar Petroleum will hold 40% of Total’s existing 25% participating interest in the Orinduik block.
The other partners in this block are Tullow Oil (Operator) with a 60% participating interest and EcoAtlantic with a 15% interest.

Guyana offshore blocks. The Kanuku block is located 100km offshore Guyana and has a total area of about 5,200 square kilometres

Also under the agreement, Qatar Petroleum will hold 40% of Total’s existing 25% participating interest in the neighbouring Kanuku block. The other partners in this block are Repsol (Operator) with a 37.5% participating interest and Tullow Oil with a 37.5% interest.
On the agreement, HE the Minister of State for Energy Affairs, Saad bin Sherida al-Kaabi, also president & CEO of Qatar Petroleum said, “We are pleased to expand our global exploration footprint into Guyana together with our valuable, long-term partner, Total, in these offshore blocks in this prospective basin.”
Al-Kaabi added: “We hope that the exploration efforts are successful. I would like to take this opportunity to thank our partners and the government of Guyana for their collaboration in this effort, and we look forward to working together in these blocks.”
Three exploration wells are planned in these blocks this year – two on the Orinduik block, including the Jethro well, which is currently being drilled, and one on the Kanuku block.
The Orinduik block is located 120km offshore Guyana and has a total area of about 1,800 square kilometres, with water depths ranging from 70 to 1,400 metres.
The Kanuku block is located 100km offshore Guyana and has a

total area of about 5,200 square kilometres, with water depths ranging from 70 to 800 metres.

TAPI gas line: Pakistan not to bear transit risk in Afghanistan

ISLAMABAD: Pakistan has told Turkmenistan in plain words that Islamabad will not bear the gas transit risk in war-ravaged Afghanistan under $8 billion TAPI gas line.

In case of halt of gas provision to Pakistan because of any subversive activity in Afghanistan, Pakistan will never take the risk at any cost, rather Turkmenistan will have to bear the risk.

More importantly, the financial commitment on behalf of Pakistan is to start when Turkmenistan ensures the gas supply on Pakistan border, not at border of Afghanistan shared with Turkmenistan. This has been clearly conveyed to Turkmenistan top authorities, top sources close to Special Assistant to Prime Minister on Petroleum Nadeem Babar told The News. Prior to it, Pakistan has already agitated with authorities of Turkmenistan the issue of reviewing the gas prices arguing that the gas price formula under which the gas prices of every buying countries (Afghanistan, Pakistan and India) has been worked out, is too much complicated and if new gas price is worked out while keeping in view the existing gas price formula, the gas price that we get is costlier even than the existing LNG price. 'So we want Turkmenistan to review gas price formula prior to much awaited ground breaking of the portion of TAPI pipeline in the territory of Pakistan.

A high-power delegation of Turkmen Gas Company is due in Pakistan to discuss the issues raised by Pakistan. Now Turkmenistan wants, under new scenario, Pakistan experts' delegation to come to Ashgabat and extends the date of August 11, 2019. Because of Eidul Azha the date may get changed.

"Yes, we wrote a letter to Turkmenistan authorities 7 months back seeking the dialogue for review of the gas pricing formula before embarking upon the construction of the portion of the pipeline in Pakistan's territory and to this effect Special Assistant to PM on Petroleum Nadeem Babar asked the authorities of Turkmenistan to first review the gas prices downward before initiating the project," a relevant top official confirmed to The News.

Coming to the new issue of bearing risk of gas provision because of Afghanistan highlighted by Pakistan that it will only honour its financial commitment when it gets the gas delivery on its border. Turkmenistan first asked Pakistan to discuss this issue with Afghanistan, but Islamabad responded saying that it is purchasing the gas from Turkmenistan and Pakistan wants gas delivery on its border. Since Afghanistan has been at war for many decades, so Pakistan cannot bear the risk of gas provision in Afghanistan.

During the recent visit, Afghanistan President Ashraf Ghani acknowledged the issue raised by Pakistan and assured that in this regard the authorities will soon meet counterparts of Afghanistan and Turkmenistan.

To a question, the top man in the Petroleum Division said that Turkmenistan has shown willingness to review gas prices.

The three buyer countries – Afghanistan, Pakistan and India – had inked the gas sales purchase agreement with Turkmenistan on bilateral basis. Now all the buyer countries want to unfold their prices and want the re-negotiations.

To a question, he said that the financial colure of the project is to be completed by September this year and ground breaking would be held in October 2019 for laying down the 800 kilometre portion of TAPI line in Pakistan territory. The project will be operational by 2020. The pipeline from Afghanistan that will enter from Chaman and pass through Zhob, DI Khan, Quetta, Multan and touch upon Fazilka – a city at Indian border which is 150 kilometer away from Multan. From Fazilka, the pipeline will enter India.

TAPI gas pipeline project aims to bring natural gas from the Gylkynish and adjacent gas fields in Turkmenistan to Afghanistan, Pakistan and India. The ADB is acting as the facilitator and coordinator for the project. It is proposed to lay a 56-inch diameter 1,680KM pipeline with design capacity of 3.2 billion cubic feet of natural gas per annum (Bcfd) from Turkmenistan through Afghanistan and Pakistan up to Pak-India border. There are two phases of this project, the first phase is free flow phase with estimated cost of $5 to $6 billion while second phase is installation of compressor stations with the cost of $1.9 to $2 billion. Civil works of the project have already commenced in Afghanistan after the project's ground breaking (Afghan section) was held last year.

Afghanistan will be having the gas under TAPI 500 mmcfd, Pakistan 1.325 bcfd and India 1.325bcfd too. Turkmen gas company being the consortium leader for the TAPI project is to contribute up to 85 percent of equity, and the rest of TAPI members namely Afghanistan, Pakistan and India would take 5 percent each equity share in the project company.

Japanese LNG buyer seeking price arbitration in possible 'bellwether'

An effort by a Japanese company to get lower prices on a liquefi ed natural gas contract signed a decade ago could be the first in a fl ood as buyers seek relief from legacy contracts amid cheaper spot supplies, according to an analyst at Credit Suisse Group AG. "This will prove the bellwether for more arbitrations and tougher LNG buyer negotiating stances across the market," analyst Saul Kavonic said in an e-mail. "We expect other traditional LNG buyers to quickly follow suit." The market will be awaiting what concessions Osaka Gas Co will be able to wrest from the marketing unit of the Exxon Mobil Corp's PNG LNG project. They entered into arbitration after a dispute during a price review, a spokesman for the Japanese fi rm said Friday, adding that the company is seeking to lower LNG costs. Exxon declined to comment. The dispute underscores the frustrations of buyers locked in contracts linked to oil benchmarks while spot prices drop to the lowest seasonal level in a decade. Most of Japan's LNG imports are indexed to oil, which has remained a widespread practice since its inception in the 1960s. Sinking prices have put LNG producers under intense pressure to off er better terms. Even Qatar, one of the world's largest suppliers, made a "dramatic" break from tradition by offering mid-term LNG contracts at about an 11% oil slope, compared to more than 16% on some contracts signed in 2008, Fereidun Fesharaki, chairman of energy consultant FGE, said in May. The Osaka Gas contract with the PNG LNG project was agreed at a 15% slope to the Japan Crude Cocktail and runs through 2035, according to data compiled by Bloomberg NEF. Prices in the utility's current PNG LNG contract are more than double those on the spot market and about 30% more than recently signed contracts, Kavonic said. A shift to a buyers' market has emboldened consumers that historically have been concerned about security of supply to seek greater contract fl exibility and lower prices. "It's unprecedented for a traditional LNG buyer to initiate arbitration in this way, presenting a new paradigm for LNG contract negotiations," said Kavonic.

Asian LNG prices slip but traders expect demand to pick up for winter

Asian spot prices for liquefied natural gas (LNG) slipped this week tracking a fall in European gas prices though traders anticipate prices to bottom out soon ahead of peak winter demand.

Spot prices for September delivery to Northeast Asia LNG-AS are estimated to be about $4.60 per million British thermal units (mmBtu), down 10 cents from last week, trade sources said.

Prices for cargoes delivered in August are estimated to be $4.20 per mmBtu, down 20 cents from last week, they added.

Traders are likely waiting for the European gas prices to come down before taking a position on LNG, a Singapore-based industry source said.

“The LNG market is quiet but the gas market is not and many

LNG buyers are just waiting on the sidelines for the gas market to cool down before they come in to buy," the source added.

Both the Dutch month-ahead and British month-ahead contracts have fallen 20 percent in the past week after a two-week long period of rises on expected supply flows due to outages in Norway and short-covering.

September contracts, which are not front-month yet, have also fallen over the week to around $4.10 per mmBtu for the British price and $3.85 for the Dutch, widening the spread between spot Asian LNG and the European hubs considerably.

Despite that, many traders say the spread is not wide enough and nor is there the kind of Asian demand to kick-start arbitrage from the Atlantic to the Pacific Basin.

Still, traders expect demand to pick up ahead of winter.

"There have been transactions above $5 this week, but European (gas) hubs are very volatile, and that is reflected by traders into optimisation," a Singapore-based LNG trader said.

Angola LNG offered a cargo for August to September delivery to as far as Singapore in a tender that closes next week while Russia's Novatek has offered a cargo for mid-September loading from Rotterdam's Gate terminal in the GLX platform, industry sources said.

In term contracts, four companies are vying for a massive LNG tender by Pakistan to buy 240 cargoes for a period of 10 years, sources said.

Indonesia's Tangguh LNG plant may have offered two cargoes a month for loading or delivery over October to December into Northeast Asia earlier this month though it was not immediately clear if it had sold the cargoes.

Japan's Nippon Steel may have bought a cargo for delivery in

September at about $4.60 per mmBtu, an industry source said.

Royal Dutch Shell’s LNG tanker ‘Barcelona Knutsen’ has loaded a cargo at Peru LNG and is now crossing the Pacific Ocean to deliver a cargo into China in the first half of August, data intelligence firm Kpler said on Thursday.

This will make it the fourth LNG cargo to be delivered from Peru to China so far this year, up from just one cargo last year, Refinitiv Eikon shipping data showed.
Source: Reuters (Reporting by Jessica Jaganathan, additional reporting by Sabina Zawadzki in LONDON; editing by Gopakumar Warrier)

> *GLOBAL LNG-Asian prices slip but traders expect demand to pick up for winter*

Japan LNG imports hit post-Fukushima low as reactors restart

Japan’s liquefied natural gas imports in the first half of the year dropped to the lowest since the 2011 Fukushima nuclear disaster as reactor restarts and mild weather cut demand for the fuel. The world’s biggest buyer of LNG purchased 38.59mn tonnes in January-June, down 8.2% from the same period last year, the biggest semi-annual drop since 2009, according to preliminary data from the ministry of finance. The slump in imports comes amid an uptick in atomic and renewable output, and as mild summer temperatures limit seasonal demand. After the Fukushima triple meltdown, Japan LNG imports jumped nearly 20% as the nation’s nuclear fleet was forced to shut amid safety reviews. But from there gas demand has stagnated, and as more reactors slowly return and renewable generation grows, stalwart LNG buyers like Kyushu Electric Power Co and Kan- sai Electric Power Co have limited spot purchases. “We are forecasting a general decline in LNG usage as more nuclear plants restart and as more solar and wind capacity comes online,” Zhi Xin Chong, a Singa- pore-based analyst at IHS Markit, said by e-mail. “The main uncertainty is always weather. In Japan, summer thus far has also appeared to be fairly mild.” Utilities have restarted nine of the nation’s 37 operable reactors under post- Fukushima safety rules, producing 19.7 terawatt-hours worth of electricity in the first three months of the year. That is almost 3-fold the atomic output over the same period last year. Despite the drop in LNG imports, Japan is still likely to retain the title as world's biggest buyer of the fuel. China – the world's second largest buyer – imported 23.9mn tonnes in the five months through May, putting it on track to import more than 57mn tonnes compared with projected 77mn tonnes for Japan.

Incoming government raises Papua LNG doubts

Oil minister Kerenga Kua has pledged to re-examine controversial deal following the collapse of scandal-hit government

The newly elected Papua New Guinea (PNG) government wasted no time in announcing it will review the recently signed Papua LNG agreement—as well as the country's wider hydrocarbon regulatory framework—fuelling speculation the project will face extended delays. The announcement was made barely a month after prime minister Peter O'Neill was forced to resign from office following a parliamentary vote of no confidence. Details from a report carried out by the Ombudsman Commission revealed O'Neill had failed to consult his government on a $1.2bn loan, unconnected to LNG projects, issued by Swiss bank UBS five years previously. Former finance minister James Marape, who had earlier defected from O'Neill's administration over the gas expansion project, was also named in the report. Nonetheless, he was unanimously elected by parliament to be the new prime minister. The timing of the political fallout could scarcely be worse for Papua LNG's partners. In April, the government finally signed an agreement to begin front-end engineering design (Feed) development on the $13bn expansion project, which is projected to double LNG exports. A 7.5 magnitude earthquake in February 2018 had already delayed the agreement. Under the arrangement, the project partners would target around 1bn bl oe of gas from the Total-operated Elk-Antelope fields, in the Eastern Highlands, which will then be fed into ExxonMobil's LNG plant at Caution Bay. A further two trains of 2.7mn t/yr are planned to be added to the facility, with a final investment decision (FID) expected to be made in 2020.

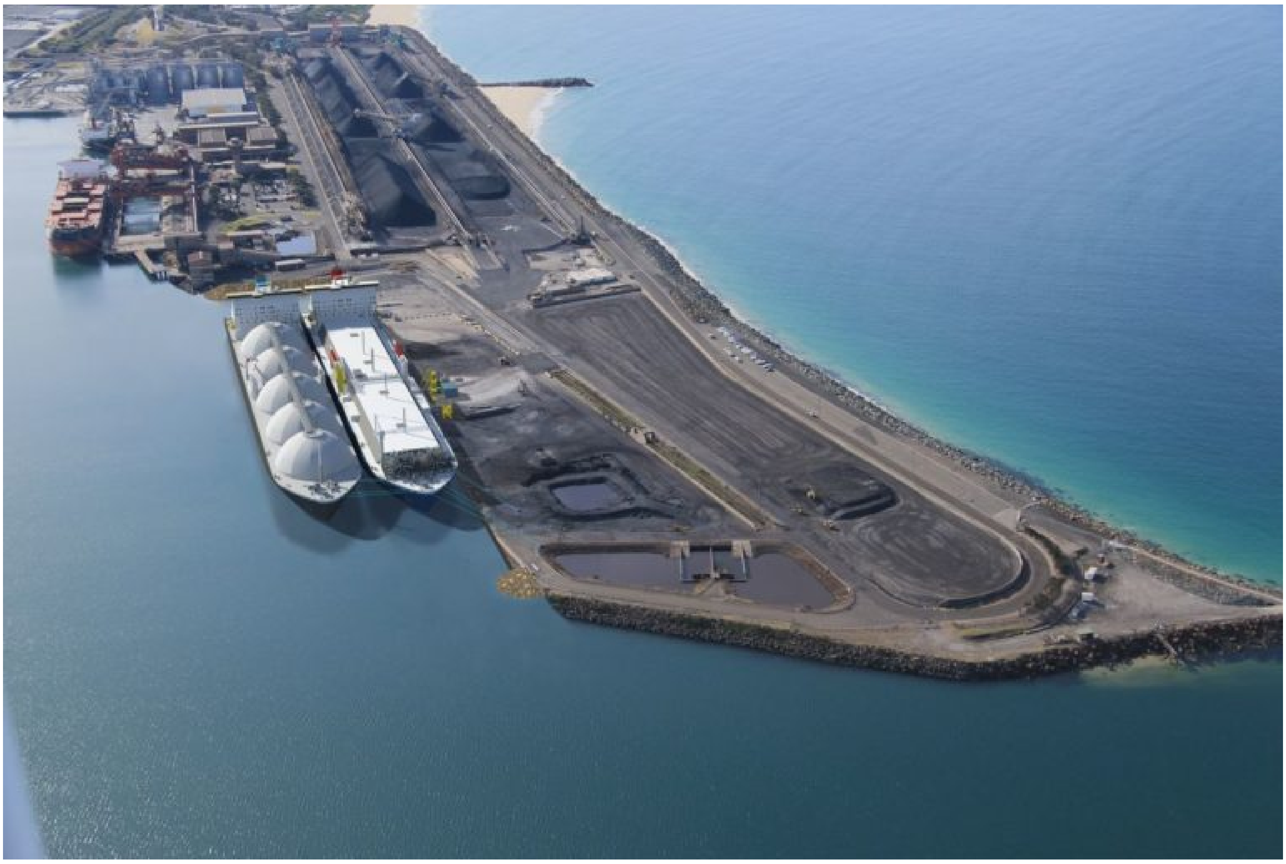
Hostile reception

Domestic opposition to the project remains strong. "The failure of earlier projects to live up to expectations has generated public and political frustration, which is driving the shift in outlook," says Joseph Parkes, Asia analyst at Verisk Maplecroft. A Jubilee Australia Research Centre report in April 2018 found that the economic benefits of the previous project, PNG LNG, have fallen well below expectations. PNG's economy only grew 10pc since the project's completion in 2014, despite predictions it would double. Household income and government expenditure on education, health, law and infrastructure even fell 6pc and 32pc, despite previous expectations they would increase 84pc and 85pc respectively. The report revealed that government spending plans factored in tax revenues that never appeared. The figures were surprising considering the project was completed ahead of schedule and by 2017 was outputting 8.3mn tonnes of LNG—a 20pc increase over the original capacity specification of 6.9mn t/yr. The project was also affected by the 2018 earthquake, which disrupted operations and forced ExxonMobil to close its export terminal. But although 2018 output dropped 15pc year-on-year, according to the World Bank, maintenance at the Hides gas conditioning plant and LNG trains was brought forward and over the second half of the year output swiftly recovered. Oil Search reported an average annualised rate of 8.8mn t/yr, almost 30pc above nameplate capacity.

Economic importance

Conflict over land claims and royalty payments continues to drive pressure on the government to renegotiate the agreement. In June 2018, armed civilians in Angore, Hela Province, damaged equipment at ExxonMobil's pipeline project. Around 97pc of land in Papua New Guinea is classified customary tenure, owned by indigenous communities, which makes royalty payments central to the development of large-scale projects such as Papua LNG. But Shane McLeod, project director at Lowy Institute, an Australian think tank, says the government will be reluctant to delay or reverse any deal. "The new leadership is pro-development and has said it just wants to ensure there are good returns for landowners and local interests." The government has prioritised improving access to electricity across the country and the development of natural gas is its chosen route. "10pc of [new] output will be going to domestic use. For Port Moresby, that will be transformational," says Anton Safronov, former head of operations at Total's Papua LNG project development. The government plans to increase access to electricity to 70pc of the country by 2030. Around 20pc of power capacity from PNG LNG currently supplies Port Moresby. Expansion of the project into the P’nyang field will also depend on interruptions to the current deal. In December, an assessment raised gas reserves there 84pc to 4.36tn ft3. Likewise, the government is aware of the growing number of competing LNG projects. “Total and ExxonMobil have so many LNG development opportunities globally at the moment,” says David Hewitt, head of European oil and gas research at Australian bank Macquarie. “We expect the PNG government to be aware of [oil companies’] other opportunities when it considers how to deal with gas agreement discussions.” https://www.petroleum-economist.com/articles/politics-economics/asia-pacific/2019/incoming-government-raises-papua-lng-doubts?hootPostID=462dd833b4a042d78c047690cdd1b952

Australia, a Top Natural-Gas Exporter, Considers Imports to Stop Blackouts



By
Rhiannon Hoyle in Sydney and
Robb M. Stewart in Melbourne
June 6, 2019 10:07 am ET

Australia is experiencing an energy crisis so severe that the country, one of the world’s biggest exporters of liquefied natural gas, is considering imports to shore up supplies for manufacturers and avoid possible blackouts. The country’s commitments to sell LNG overseas as well as the shuttering of aging coal-fired plants have made it a struggle for electricity producers at times of peak demand. Some of Australia’s manufacturers have threatened to move production overseas to escape a costly and unreliable energy supply.

Sydney, Melbourne and other cities on the country’s eastern coast have experienced occasional blackouts, hitting everything from health clinics to schools. Analysts predict a widening shortfall of LNG, raising concern manufacturers won’t have enough power to run food-processing factories or chemical plants. While Australia is rich in natural gas, it lacks a nationwide network of pipelines to supply users at affordable rates. The fuel is super-chilled into LNG for shipment around the country and abroad. Australia is projected to export 80.73 million metric tons of LNG this year, compared with 70.23 million metric tons in 2018, according to the research firm Wood Mackenzie. The electricity blackouts occurred as Australians endured a scorching Southern Hemisphere summer, with heat waves across the country that were unprecedented in scale and duration. On a couple of days in January, the temperature in Sydney reached 108 degrees Fahrenheit. This year, the country recorded its warmest January-through-May period ever, according to the Bureau of Meteorology. Electricity use for cooling spikes with such temperatures, but it isn’t only in summer that demand for LNG can outpace supply. In the southern city of Melbourne, gas supplies are at their tightest in the winter when demand for heating kicks in.

The Australian Industrial Energy consortium plans to lease this floating storage and re-gasification vessel to process natural gas imports. PHOTO: SQUADRON ENERGY

Climate change became a central issue in Australia’s latest election campaign following a summer of wildfires, drought, floods and extreme temperatures. Voter support for policies targeting climate change was at its highest level since 2007, though it wasn’t enough to save Australia’s center-left party, which put the issue at the heart of its campaign. It was defeated by the incumbent conservative government in the May election on fears ambitious environmental targets would boost the cost of living and hurt the country’s coal industry. Several state government have restricted gas developments due to environmental concerns. Proposals to prevent energy shortages involve supplying regions in need with LNG from elsewhere in the country and even from overseas. Those looking to import LNG include a billionaire entrepreneur who made his fortune shipping iron ore to China, U.S. energy giant Exxon Mobil Corp. and Australia’s biggest power retailer, AGL Energy Ltd. They are planning to use vessels to store LNG, before heating it to supply customers directly or through local gas-transmission networks. Their goal is to offer a stable supply of fuel that can help prevent blackouts. Andrew Forrest, the billionaire who in a decade built Fortescue Metals Group Ltd. from a tiny natural-resources explorer into the world’s No. 4 iron-ore exporter, has said that a floating import terminal costs a fraction of what would be required to connect eastern Australia with offshore gas fields in the western part of the country via a pipeline.

World BeaterAustralia is set to become the world’s topproducer of liquefied natural gas after adecadelong $200 billion investment spree.Global liquefied natural gas supply
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Average natural gas price for industrialand commercial users in Australia*
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LNG netback price in Australia†Sources: Wood Mackenzie (supply), AustralianCompetition and Consumer Commission (industrialprice and netback price)*Under longterm contracts in Australia’s eastern-coast market.†Netback is a benchmark export-parity price.Note: A$1 = US$0.70
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Australian Industrial Energy, a consortium of domestic and foreign companies that counts Mr. Forrest’s Squadron Energy as its biggest investor, recently received government approval

for an import terminal in Port Kembla, an industrial hub south of Sydney. The consortium, which includes several Japanese investors, has arranged to lease a storage vessel almost 1,000 feet in length. It plans to spend as much as 250 million Australian dollars ($174 million) on infrastructure to berth the unit and connect it with a gas-transmission network on the eastern coast. The plan is one of five proposals for storage and re-gasification vessels across southeastern Australia.

Some local commentators mock the push for imports, given that Australia is on track to overtake Qatar as the world's top exporter of LNG by volume this year following a decadelong investment boom. One Sydney radio station "described me as bonkers" when outlining Squadron Energy's vision, said Stuart Johnston, Its CEO and a former Royal Dutch Shell senior manager.

Executives at Squadron Energy envisage using gas shipped from Australia's northwestern coast, about 3,000 miles from Sydney and Melbourne, reflecting the lack of cross-country pipelines and the huge cost to build them. Yet Mr. Forrest and AGL Energy also see an opportunity to source gas from farther afield, including the U.S. U.S. exports of LNG rose 68% in the first four months of 2019, compared with the same period a year earlier. Trade tensions between China and the U.S. may actually play in Australia's favor. Beijing has levied tariffs on U.S. LNG in response to Washington's raising tariffs on Chinese imports. U.S. LNG could be diverted to new markets such as Australia if the added cost puts off Chinese buyers. The trade conflict "probably makes people trying to sell gas to Australia even more attractive," Mr. Forrest said. Australia's eastern coast is abundant in gas, primarily at coal fields, but policy makers nearly a decade ago didn't ensure enough supply would remain at home as they approved plans for a combined $50 billion worth of processing plants to export fuel to such countries as China and Japan. Natural-gas costs have roughly tripled in eastern Australia in recent years, leading to warnings of factory closures and job losses. The Australian Energy Market Operator, the nation's electricity overseer, forecast in March a potential gas shortfall in eastern states beginning in 2024. Others see the shortfall happening sooner. LNG imports are urgently needed in Sydney and Melbourne to reduce risks of a shortage, said Graeme Bethune, chief executive at Australian energy advisory firm EnergyQuest.

The five import terminals under study are proposed to start up between 2020 and 2022 near major cities. The Australian Industrial Energy consortium said its terminal would supply the equivalent of more than 70% of annual gas demand in New South Wales, the country's most populous state. Exxon said it is considering an import terminal near Melbourne, although it prefers to supplement gas supply for the domestic market by finding new deposits or squeezing more from existing fields.
Australia could learn from the U.S. and focus on several supply-and-demand hubs in a national network, according to Nigel Hearne, Chevron Corp. 's president of Asia-Pacific exploration and production. "I would see one, two or three terminals on the east coast as just being other nodes in that network," he said.

But some worry that the cost of importing gas is too high, and investors could be overestimating what consumers are prepared to pay. "After overbuilding LNG export capacity, eastern Australia is now at risk of overbuilding LNG import capacity," said Saul Kavonic, a Credit Suisse analyst. "There isn't sufficient domestic demand to justify all five LNG import terminals being built." **Write to** Rhiannon Hoyle at rhiannon.hoyle@wsj.com and Robb M. Stewart at robb.stewart@wsj.com https://www.wsj.com/articles/australia-a-top-natural-gas-exporter-considers-imports-to-stop-blackouts-11559830044?redirect=amp#click=https://t.co/KuDmR4F8

Leviathan natural gas platform starts voyage to Israel

JERUSALEM, July 14 (Reuters) – The gas platform for the Leviathan natural gas field is on its way to Israel from the Gulf of Mexico, the partners in the project said on Sunday.

The first of four barges transporting the production structure units has left Texas and the other three will set sail in the coming weeks. In September, all the units will be installed on the jacket of the platform already in place 10 kilometres from Israel’s shore.

https://www.reuters.com/article/israel-natgas-leviathan/leviathan-natural-gas-platform-starts-voyage-to-israel-idUSL8N24F058