

Shell pursuing \$1bn exit from Indonesia LNG project



LONDON: Royal Dutch Shell is moving to sell its stake in Indonesia's \$15 billion Abadi liquefied natural gas (LNG) project, industry and banking sources said, following on from an asset disposal programme that has raised more than \$30 billion.

Shell, the world's largest buyer and seller of LNG, is raising cash to help pay for its \$54 billion purchase of BG Group in 2015 and hopes to raise around \$1 billion from the sale of its 35 percent stake in the project, the sources said.

Shell's decision to sell out of the Abadi project in the Masela block, operated by Japanese oil and gas firm Inpex Corp which holds the remaining stake, highlights the difficulty Southeast Asia's largest economy has in attracting energy

investment.

Shell, Inpex and an official with Indonesia's Energy and Mineral Resources all declined to comment.

Construction was due to start in 2018, but in 2016 was delayed until at least 2020 after Indonesian authorities instructed a switch from an offshore to an onshore facility.

Inpex and Shell are now preparing a new Plan of Development for submission this year, Shell's annual report revealed.

The project is not expected to be operational until at least 2026, but Inpex has started preliminary front end engineering design for an LNG plant with an annual capacity of 9.5 million tonnes.

Dwi Soetjipto, chairman of Indonesian oil and gas task force SKK Migas, said in March that the government and the operators have not agreed on the cost for the project and the government has not approved the revised development plan.

LNG GROWTH

Shell sees LNG as a central pillar of the world's transition to lower carbon energy in the coming decades. The super-chilled fuel allows easier transportation of natural gas, the least polluting fossil fuel, but is relatively expensive to develop.

The decision to sell out of Abadi comes weeks after the Anglo-Dutch company decided to exit a major Baltics LNG project led by Russian state gas giant Gazprom.

Shell last year gave the green light for the development of a \$31 billion LNG export terminal in Western Canada, known as LNG Canada.

Chief Financial Officer Jessica Uhl said on Thursday that overall Shell was happy with its LNG portfolio and was

confident of its ability to grow it in line with the market.