# Oil and Gas News Briefs
# Compiled by Larry Persily
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## Papua New Guinea wants Exxon, Total to finance government share

(Australian Financial Review; Jan. 11) - The head of Papua New Guinea's national petroleum company has called on oil giants ExxonMobil and Total to carry the government through its $US1.4 billion share of the capital budget for the upcoming expansion of the country's 4½-year-old liquefied natural gas plant as the venture's partners work out final fiscal terms and try to avoid further delays.

Wapu Sonk, CEO of Kumul Petroleum, said there was no doubt the company would take the full 20.5 percent stake in the expansion project it is entitled to hold in order to maximize the benefit to the country. He urged the two companies leading the project to offer a deal that would eliminate the government's up-front cost in the capital phase of the US$12 billion project, which also involves Australia's Oil Search and Santos.

That would avoid the government having to use costly commercial borrowing to cover its share with the project partners recouping the amount later, after production begins. "The government is offering very good terms to the developers. These terms are way, way better than any other terms in other projects around the world," Sonk said. "The least that they can do is carry the burden that the state has in financing their share."

Sonk's comments come as negotiations between the companies and the government on fiscal and other terms for the expansion are at a critical stage with the "gas agreement" that will set out the conditions due to be signed by March 31. The delay in the deal has pushed back the date for a final investment decision to 2020 and for start-up to 2024. The project will roughly double PNG's LNG capacity by adding three liquefaction trains.

## Russia's Novatek may store LNG in Japan to better serve Asia

(Bloomberg; Jan. 12) - Russia's Novatek is looking at storing liquefied natural gas produced in the Arctic on Japan's southern island of Kyushu so it can better meet spot demand from China and cut shipping costs. Saibu Gas Co., which last month signed a preliminary deal to allow Russia's top LNG producer to use its storage facilities, said Jan. 9 it may build two new LNG tanks and upgrade its re-export capability. The addition would offer Novatek greater flexibility to meet Chinese and South Korean demand.

"Storage and reloading will enable it to capture shorter-term arbitrage opportunities," said Nicholas Browne, an analyst with consultancy Wood Mackenzie in Singapore.

Holding LNG in storage in Japan could cut costs to supply Asia because shipping is more expensive from the Arctic when ice cover increases.  Prompt delivery would also help offset disruptions of gas supply from other sources, such as pipelines.

Pipeline gas shipments from Central Asia slipped during peak winter demand last year, and China suffered a similar, though short-lived, Turkmenistan pipeline outage earlier this month.  Novatek's agreement with Saibu shows it is prioritizing the Asia-Pacific region as it optimizes its LNG portfolio, Rystad Energy analyst Xi Nan said.  "A key strategy for Arctic LNG projects is access to reloading and storage facilities close to end-user markets," said James Taverner, a London-based analyst at the consultancy IHS Markit.  "This allows supply to be quickly and flexibly delivered to Asian buyers."

## Exxon expects to build up its LNG portfolio, says CEO

(Reuters; Jan. 9) - ExxonMobil continues to see a need for longer-term gas supply growth and expects to steadily grow its portfolio of liquefied natural gas opportunities, Goldman Sachs said, citing Exxon's chief executive.  The growth will come from the company's proposed LNG projects in Mozambique, Papua New Guinea, Qatar, and Golden Pass in Texas, said Darren Woods, CEO of ExxonMobil, at a Goldman Sachs global energy conference, the investment bank said in a note Jan. 8.

Woods said each project has its own idiosyncratic circumstances that will dictate when they will be sanctioned with the key consideration being delivery of gas at a low cost of supply and the project's ability to weather peaks and troughs in market cycles.  With an annual depletion rate of reserves at 5 to 6 percent across both oil and gas, the long-term investment fundamentals for the industry looks robust with a need for new supply to come online to continue meeting demand, Goldman Sachs quoted Woods.

## Truce allows workers to access gas line project in British Columbia

(Bloomberg; Jan. 9) - A truce has been reached in a dispute over a natural gas pipeline in Western Canada, easing tensions for now as government leaders remain wary of intervening on the side of either the company or Indigenous protesters.  Hereditary leaders of the Wet'suwet'en First Nation in British Columbia reached a tentative deal with police late Jan. 9, effectively allowing work to resume on the pipeline project.

Workers will be able to use a bridge that had been barricaded, so long as a protest camp isn't dismantled, the Canadian Press reported, citing comments from one of the chiefs.  The standoff is emblematic of the challenges such projects face in Canada. Policy makers are grappling with questions about energy, indigenous land and the role of governments in trying to balance resource development and aboriginal rights.

“There is no quick fix to resolving issues that go back to 1876 and beyond,” said B.C. Premier John Horgan, referring to the year of Canada’s Indian Act and the thorny legacy created in the province, where most First Nations have never formally ceded jurisdiction of their ancestral lands. But he said that LNG Canada, which will be served by the new pipeline, had met every requirement to proceed and had support of all 20 First Nations along its corridor, including the nation on whose lands the blockade is taking place. The fight underscores how hard it’s become for Canada to clear the way for energy projects — even those blessed by all levels of government and elected Indigenous leaders.

## Gas pipeline dispute puts spotlight on First Nations’ leadership

(Globe and Mail; Canada; Jan. 12) - With members of the Wet’suwet’en First Nation blockading a gas pipeline project on their traditional lands, Na’moks was standing by a campfire at the protest site, drawing in the snow with his boot. The hereditary chief of the Tsayu clan made a small circle to represent the authority of elected band councils within reserves. Outside that circle, he explained, is where Wet’suwet’en clans wield power over a vast territory. “We are hereditary chiefs, and we have control of this land.”

Though the blockade came down Jan. 11 after the protesters agreed to comply with an interim court injunction to grant workers temporary access, the way forward remains uncertain. Almost a third of the pipeline route crosses the territory to which the Wet’suwet’en maintain aboriginal rights and title. But who speaks for the Wet’suwet’en? The gas line project had signed deals with the elected chiefs of the Wet’suwet’en, who under Canadian law have authority over First Nation reserves created by the Crown.

But authority over the 8,500 square miles of traditional Wet’suwet’en territory involves a system of 13 houses, five clans and 38 house territories. Under that system, Na’moks, who belongs to the Beaver house under the Tsayu clan, is one of the hereditary leaders obligated to manage how those lands and resources are used. The project has sown divisions and put a spotlight on the conflict between two systems of leadership — one ancient, passed down through tradition, the other established and codified by law.

It has demonstrated the messy but necessary processes companies and governments must confront when pursuing projects in British Columbia. And it has forced Indigenous groups to face the tensions within their own communities — the painful trade-offs between economic development and ancient obligations of land stewardship.

## Haynesville Shale expected to reach record gas production this year

(Houston Chronicle; Jan. 10) – The Haynesville shale gas play in East Texas and northwestern Louisiana has roared back to life thanks to higher gas prices and a slew of new liquefied natural gas export terminals coming online on the Gulf Coast. Haynesville gas production is near its highest levels since the 2011-2012 peak (7.4 billion cubic feet per day) and should hit a new record later this year, according to a new report from the research firm Rystad. The shale play produced 7.27 bcf per day in November 2018.

"We conclude that Haynesville Shale's revival, for the second year in a row, looks sustainable," said Rystad partner Artem Abramov. "Supported by its proximity to a new LNG export terminal, gas production will continue to grow, and achieving all-time-high gas production levels should happen within a matter of months." Cheniere started shipping LNG from its Corpus Christi, Texas, terminal late last year and other projects will come online later this year, including Freeport in Texas and Cameron in Louisiana.

More than 50 drilling rigs are running in the Hayneville, according to the weekly count from Baker Hughes. The demand for U.S. LNG is driven by Asian demand growth, as Asia will account for 75 percent of global LNG demand by 2030, Rystad estimates. The Haynesville was part of the early U.S. shale boom a decade ago, but low gas prices halted much of the activity in the region and more shale drilling efforts shifted from gas to crude oil. Since then longer horizontal wells have made the wells more productive.

## BP looks to expand gas production in Azerbaijan

(Bloomberg; Jan. 10) - BP and its partners spent $28 billion bringing a giant natural gas project in Azerbaijan online, and that may only be the start. The company intends to drill six new exploration wells in the country by 2020, according to Gary Jones, BP's regional president for Azerbaijan, Georgia, and Turkey. If his expectations are met, the company could find a new gas play that's about the same size as Shah Deniz, its project that produces the fuel from a field in the Caspian Sea that's as large as Manhattan.

Companies are pouring more money into Eurasia, a region with massive, untapped gas reservoirs that are practically next door to fuel-hungry Europeans. In June BP and partners including Russia's Lukoil and Malaysia's Petronas started sending gas from the second phase of the Shah Deniz development through a new link between the Caspian Sea and Turkey. Starting in 2020, the gas will also flow to Greece, Bulgaria, and Italy when the final leg of the pipeline system is completed.

Caspian gas arriving in Southeast Europe will help reduce the region's dependency on the fuel being piped from Russia. It will offer an alternative source of supply, along with the increasing role of liquefied natural gas from suppliers such as the U.S. and Qatar. The two phases of Shah Deniz will produce about 2.5 billion cubic feet of gas per day at full operations. BP is targeting the Shafag-Asiman area, which could be a similar size to Shah Deniz 2 with drilling scheduled later this year to help add to the area's gas output.

## PetroChina signs on to build another LNG receiving terminal

(S&P Global Platts; Jan. 10) - State-run PetroChina's two subsidiaries have signed contracts with state-owned Yantai Port Group to jointly build a new LNG receiving terminal and expand a crude oil terminal at Yantai port in eastern Shandong province, PetroChina said on its website Jan. 10. Kunlun Energy, a subsidiary of PetroChina, and Yantai Port Group will jointly invest a total of around Yuan 7 billion ($1 billion) to build a receiving terminal with enough capacity to store deliveries from five LNG carriers.

Kunlun currently runs three major LNG receiving terminals and a small LNG reserve storage — located at Rudong city in eastern Jiangsu province, Tangshan city in northern Hebei province, Dalian city in northeastern Liaoning province, and Hainan island — with a total LNG receiving capacity of around 19.3 million tonnes per year. The company also has two LNG receiving terminal projects under construction, both of which are expected to be completed by 2020, according to source with the company.

Kunlun plans to build 11 LNG import terminals, with a total receiving capacity of 80 million tonnes per year by 2030, the source said. At the same time PetroChina Fuel Oil, another PetroChina subsidiary, and Yantai Port Group will jointly invest Yuan 5 billion to expand an oil terminal and storage tanks at the West Yantai port and to build the Phase 2 Yantai-Zibo, or Yanzi, oil pipeline in Shandong province, according to PetroChina.

## China will build more wind and solar power projects

(Reuters; Jan. 10) - China will launch a series of subsidy-free wind and solar projects this year to take advantage of a rapid drop in construction costs since 2012 and to tackle a gaping subsidy payment backlog, the country's top planning agency said Jan. 10. Last year the government was forced to suspend all new subsidized solar capacity approvals after a record 53-gigawatt capacity increase in 2017 left it with a backlog of at least 120 billion yuan ($18 billion) in subsidy payments.

The new subsidy-free projects will generate renewable power for sale at the same prices as non-subsidized coal-fired power plants, and will not have to comply with capacity restrictions, the National Development and Reform Commission announced Jan. 9. It added that the projects would, however, receive support on land and financing.

"Some regions with good natural resources and firm demand have already achieved subsidy-free, or grid price parity, conditions," said the NDRC, adding the pilot projects could help renewable energy to compete with coal-fired power. The NDRC said in additional comments Jan. 10 that solar construction costs in China had fallen 45 percent from 2012 to 2017, while wind project costs had dropped 20 percent in the same period.

## Last hearing on contentious gas line to proposed Oregon LNG project

(The Register-Guard; Eugene, OR; Jan. 12) - A proposed natural gas pipeline stretching 230 miles through Southern Oregon from the potato fields of Malin to a cove in Coos Bay remains alive — and controversial. Calgary-based Pembina is the latest company to enter the state-and-federal permitting marathon necessary to make the Jordan Cove Energy Project — which includes the pipeline and a gas liquefaction plant and LNG export terminal on the coast — move from pipe dream to reality.

The company has a more than 3,600-page application in with the Oregon Department of State Lands, seeking a permit to allow construction of the project through, over, or under state-owned wetlands, rivers, and streams. The state held public meetings this month in communities near the planned path of the pipeline. Turnout for the meetings ranged from about 300 to 700 people, said State Lands spokesperson Ali Ryan Hansen.

One more public meeting, and chance for public comment, is set for Jan. 15 in Salem. Eugene opponents of the Jordan Cove project already are planning carpools and preparing their statements as well as a crafting signs to hold at a rally before the meeting. Public comment is due by Feb. 3. The project's supporters point to the jobs it will create in an economically depressed part of the coast. The opposition says it is too risky for the environment, endangering rivers as well as the bay, and would put huge LNG storage tanks near the earthquake and tsunami zone along the Oregon Coast.

## Shell wants to sell Canadian assets as it focuses on LNG project

(Bloomberg; Jan. 10) – Shell is seeking buyers for an Ontario refinery and some sour gas facilities in Alberta as the company focuses on its C$40 billion LNG Canada project in British Columbia. "These assets have been a cornerstone of Shell Canada for many years, however, they are no longer a fit with Shell's evolving portfolio," the company said. Shell is among several majors that have sold Canadian oil sands assets in recent years as pipeline bottlenecks, high costs and low prices discourage investment. It joins Husky Energy as the second firm to make plans to sell a Canadian refinery this week.

The 72,000-barrel-a-day Sarnia, Ontario, refinery is the smallest of four plants in the province. The company's Greater Foothills sour gas assets at Waterton, Jumping Pound and Caroline in Alberta account for 225 million cubic feet per day of gas production. If no buyers are found, Shell will continue to run the facilities, the company said. Shell has increasingly focused on gas worldwide, and in October the company announced plans for what will be one of the largest liquefied natural gas plants to be built in years. Site work is underway with the plant scheduled to start up by 2024.

## New U.S. partnership will invest in Canadian gas processing

(The Financial Post; Canada; Jan. 10) - Eyeing an opportunity in Canada's troubled natural gas sector, U.S. private equity giant KKR and a partner have created a $1.15 billion Calgary-based company focused on gas processing assets in Alberta.  KKR and Tulsa-based SemGroup said Jan. 11 they are injecting the capital into SemCAMS Midstream and spending $600 million to snap up Alberta gas processing assets from Denver-based Meritage Midstream.

SemCAMS will own gas gathering pipelines and a combination of existing and under-construction gas processing facilities capable of handling 2.1 billion cubic feet of gas per day from the prolific Montney and Duvernay formations.  "We … are big believers in the Montney as a growing low-cost natural gas play that is relevant on a global scale," KKR head of North American infrastructure Brandon Freiman said in a release.

KKR will own 49 percent of the new company and SemGroup will own 51 percent. SemGroup has been quietly investing in Canadian gas processing assets in recent years.  The new company plans to invest in gas processing facilities in northwestern Alberta to process the liquids-rich gas in the region and is also planning additional acquisitions.  The gas produced in the region comes out of the ground saturated with liquids like butane, ethane, propane and hexane, which is then removed and sold separately.  Frequently those liquids are more valuable than the natural gas.

## Analysts wonder if new TransCanada name means something more

(Calgary Herald columnist; Jan. 10) - What's in a corporate name?  Plenty, as Calgary-based TransCanada found out this week, announcing it intends to adopt the name TC Energy later this year.  The decision, which must still be approved by shareholders, sparked a flurry of questions and some consternation in the energy sector and the city. CEO Russ Girling said in a statement Jan. 9 the new moniker simply "reflects our continued continental growth" with assets and employees spread across North America.

Some industry players believe the move speaks to the continuing hemorrhaging of investment out of Canada, and the difficulty for Canadian firms to build new energy infrastructure at home.  Others worry it could be a precursor to the company relocating its head office out of Caa as it erases Canada from its corporate label.  More likely it means the energy giant wants a new brand as it continues to expand south of the 49th parallel.  "You could read it either way," said former Alberta Energy Minister Ted Morton.

Analyst Jennifer Rowland with Edwards Jones said dropping the word Canada is deliberate, as investor sentiment toward the country's oil and gas has soured due to problems building pipelines and the infighting between provinces over energy projects. "When we make it easier for our home-grown companies to invest outside the country than inside the country, it's part of this bigger problem we have today," said former

TransCanada CEO Hal Kvisle. The firm is a North American powerhouse with assets in Canada, the U.S., and Mexico from gas and liquids pipelines to electricity generation.

## Gas flaring in Iran increased to 625 bcf in 2017

(Radio Farda; Iran; Jan. 7) - While Iran has stopped releasing any official report on gas flaring levels since early 2015, new statistics published by the country's Planning and Budget Organization indicate that the volume has increased significantly — to almost 625 billion cubic feet in 2017. Iran burns two-thirds of the associated gas produced from its oil fields due to lack of technology and investment to collect the gas.

During oil production, the associated gas is flared when barriers to the development of gas markets and gas infrastructure prevent it from being exported. Last year Oil Minister Bijan Namdar Zanganeh said that $5 billion is needed to build the infrastructure to export the gas and curb flaring. However, such an investment seems impossible, at least in the short-term, due to U.S. sanctions and a heavy budget deficit. No foreign investor would even think of getting involved in Iran, especially in its oil sector.

The value of the flared gas is a few billion dollars a year — if Iran could export it via pipelines to regional markets like its current clients Iraq and Turkey. According to the World Bank, Iran's gas flaring volume increased by an average of 6.6 percent per year since 2013. Iran ranks third after Russia and Iraq in its volume of gas flaring. World Bank statistics show that Iran's gas flaring level increased by 22.66 percent year-on-year in 2017, while the global average decreased by 7.1 percent.

## Pipelines are better than gas flaring, says Dallas editorial

(Dallas Morning News editorial; Jan. 10) – When an oil company drills a well, oil isn't always the only thing that comes out of the ground. Often natural gas seeps out, too. This is a good thing when drilling takes place in a field with well-developed pipeline infrastructure. It means one well can produce two valuable products, and sometimes more, if the gas contains other valuable hydrocarbons that can be separated and sold.

So what happens in a field that doesn't have pipelines to take gas to market? The gas has no value; it's just waste. While oil can be transported in trucks and on trains if there's no pipeline from the well, gas either gets vented or set on fire, a process called flaring. Wasting this resource should depress all of us, because it has great value. We use it as a fuel every day for heat, for cooking and to make electricity and plastics. Discarding it is wasteful and potentially harmful to the environment.

This is why all Texans, both oil industry supporters and environmental activists alike, should support the idea of building more pipelines. Building the right infrastructure for new gas production should continue without unnecessary restrictions. Notice we use the word “unnecessary,” because there are important regulations on construction and handling oil and gas — for safety, for the environment, and for the comfort of communities. We need to plan now for ways to responsibly harvest the gas that comes up with our oil.

## Troubled start-up at Gorgon LNG burned off a lot of excess gas

(The West Australian; Jan. 8) - The problematic start-up in 2016 of the Chevron-led Gorgon LNG project in Australia proved costly to the environment as burning of excess gas produced more than 1.5 million tonnes of greenhouse gases at an annualized rate for the first 16 months of operation. Chevron had predicted that flaring of gas during normal operations at the plant would produce the equivalent of about 100,000 tonnes of carbon dioxide a year.

Any shutdowns of a liquefaction train would require some or all the gas within the plant to be flared, resulting in a big increase in emissions, according to the project’s greenhouse gas plan. And a new plant is likely to experience more shutdowns, and hence increased emissions. However, early production at Gorgon was more problematic than expected.

Bloomberg reported at least eight shutdowns occurred in the first 14 months at Gorgon. Chevron’s then-CEO John Watson said performance of the first LNG train to start production was “below expectations.” The emissions were revealed in an application to the Department of Water and Environmental Regulation. A Chevron spokeswoman said once in steady operations, the plant will produce low emissions by injecting carbon dioxide underground — which was a key environmental selling point of the gas project.

## Developer looks for partners for small-scale Australia LNG plant

(Australian Financial Review; Jan. 6) - Asian gas buyers, producers and traders are among potential partners for a US$4 billion LNG project proposed off the Western Australian coast by private player Western Gas, executive director Andrew Leibovitch said. With Australia's LNG sector largely tied up in the hands of larger players such as Woodside, Chevron, Shell, and the Equus project — 100 percent owned by Western Gas — offers an entry point for a new player to take a material position, Leibovitch said.

The Equus venture is eyeing a small-scale plant. The Equus venture, originally owned by Hess Corp., was acquired by Western Gas in 2017 and first reworked primarily as a domestic project targeting industrial gas buyers. But the strength of the liquefied natural gas export market over the past 12 months has prompted Western Gas to again rework the project to target overseas sales with domestic sales now as a sideline.

Unlike Hess, which had hoped to develop the 2 trillion cubic feet of gas through an existing large-scale LNG plant owned by Woodside or Chevron, Western Gas is proposing its own small plant that would be built near to shore as either a floating, barge-mounted or "gravity-based" plant that rests on the seabed. The plant would have a capacity of 1.5 million to 2 million tonnes of LNG per year. Western Gas expects to appoint advisers by the end of March to assist with putting equity and debt financing in place ahead of a targeted final go-ahead in late 2019 or early 2020.

## Audit found electrical hazards at Ichthys LNG

(Reuters; Jan. 12) - An audit of the Ichthys LNG floating facilities, run by Japan's Inpex Corp. off northwestern Australia, found electrical hazards that could have sparked a gas explosion, an Australian newspaper reported Jan. 12. More than half the electrical equipment checked in hazardous areas on one of the offshore facilities was deficient, the West Australian newspaper said, citing documents from an independent audit commissioned by Inpex last year.

Planned steps to address electrical hazards "do not in their current form reduce the risk of a major accident event from the ignition of flammable gases by electrical equipment to as low as reasonably practicable," the audit, cited by the newspaper, said. A "major accident event" is defined by Australia's offshore petroleum safety regulator as any event that could kill many people at or near a facility. The audit blamed "an underlying culture of rushing to meet deadlines" for affecting the quality of electrical installations.

An Inpex spokesman said the report cited by the newspaper was a draft written by engineering firm Kentech more than four months ago and "all of the findings that we deemed valid have been fixed." Inpex general manager Bill Townsend added, "The issues we're facing are manageable and don't threaten the facilities." The $40 billion Ichthys LNG project, Japan's biggest overseas investment and the country's first major project as lead operator, started shipping LNG in October after delays and overruns.

## U.S. LNG, Russian pipeline gas compete in Europe

(CNBC; Jan. 8) - With 28 countries and a combined population of around 512 million, the European Union is something of a prized market — and political battleground — for the world's largest energy exporters, particularly when it comes to natural gas. Russia has long been the dominant supplier of gas to Europe, but the United States is looking to challenge Russia by stepping up its exports of liquefied natural gas.

Europe certainly appears keen to wean itself off Russian gas and all the geopolitical implications that reliance entails. Almost one-quarter of U.S. LNG production went to the EU in October 2018, a month that saw the largest volume ever of cross-Atlantic trade in U.S. gas. The European Commission, the EU's executive arm, expects U.S. gas exports to the region could double by 2022.

U.S. exporters looking to Europe have a big obstacle, however, and that's Russia, which is by far the largest supplier of gas to the EU. Russian gas is supplied by state-owned Gazprom via pipelines, giving it a price advantage over LNG. There is a long way to go before Russia's gas dominance is challenged, said Christopher Louney, a commodity strategist at RBC Capital Markets. "Europe taking U.S. LNG and U.S. LNG challenging Russian pipeline supplies for dominance are two very different things," he said.

## Competitors battle to open new deep-water port for U.S. oil exports

(Reuters; Jan. 9) - Booming U.S. oil exports have set off a scramble to build Gulf Coast ports to handle the country's rapidly growing production. Of seven proposed oil-export projects, nowhere is the opportunity greater or the competition fiercer than in Corpus Christi, Texas, where three firms are vying to open the state's first deep-water port. Only one U.S. facility, the Louisiana Offshore Oil Port, can fully load supertankers capable of carrying 2 million barrels.

Commodities trader Trafigura has taken an early lead in Corpus Christi with its planned offshore facility, with an easier path to regulatory approval and fewer objections from environmentalists. Its chief competitor — a partnership of investor Carlyle Group and the Port of Corpus Christi to build an onshore port — has responded by petitioning regulators to kill Trafigura's project. Their lobbyists have cited past criminal allegations involving the firm in other countries and potential "catastrophic" environmental impacts.

Rising demand for new ports follows congressional action in 2015 to lift a 40-year ban on oil exports after the rise in domestic shale production. The U.S. had been the world's top oil buyer for decades, and its port infrastructure was built to import rather than export. Now surging exports threaten to overwhelm existing ports as U.S. production is projected to hit 12 million barrels per day in 2019, up from 9.35 million in 2017. The market ultimately may support more than one new deep-water port, but the first to build near Corpus Christi will have the best shot at cutting long-term deals with producers.