Oil and Gas News Briefs
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Early voting going against First Nation deal for LNG project in B.C.

http://www.theglobeandmail.com/report-on-business/industry-news/energy-and-resources/bc-first-nations-group-pushes-back-against-petronas-lng-venture/article24293970/

(Globe and Mail; Canada; May 6) – A multibillion-dollar B.C. liquefied natural gas project has run into strong resistance from a First Nations group worried about the plight of salmon. The Lax Kw'alaams band is weighing the promises of LNG prosperity against the perils of losing a traditional way of life that relies heavily on salmon and other marine food and resources. In early voting, Lax Kw'alaams' members have overwhelmingly declined to give their consent for the project, despite being offered $1 billion in cash from the Pacific NorthWest LNG joint venture led by Malaysia's state-owned Petronas.

Emotions ran high during the first two meetings this week as Lax Kw'alaams members voiced their fears about the project's threat to salmon habitat in the estuary of the Skeena River at the proposed export terminal site on Lelu Island near Prince Rupert, B.C. In meetings that began this week, Native leaders are asking members to indicate whether they support or reject the offer made last week. More than 180 eligible voters in attendance May 5 at a school gymnasium in Lax Kw'alaams unanimously stood up to show their opposition, three sources close to the aboriginal group said.

The lure of $1 billion paid over 40 years is being overshadowed by what the 3,600-member band views as excessive environmental risks. The Lax Kw'alaams are worried the project will harm juvenile salmon in eelgrass beds in an estuary. An estimated 800 of the First Nation band members live in the community of Lax Kw'alaams, while roughly 1,800 are based in Prince Rupert and 1,000 in Vancouver and elsewhere. Lax Kw'alaams Mayor Garry Reece and 12 elected councillors will make the final decision on behalf of members. Voting wraps up next week in Vancouver.

First Nation band with LNG deal has been successful in business

http://www.theglobeandmail.com/news/british-columbia/bc-first-nation-mulling-billion-dollar-lng-deal-has-history-of-savvy-moves/article24251430/

(Globe and Mail; Canada; May 4) - Lax Kw'alaams First Nation is now deciding on a billion-dollar LNG deal, but the B.C. aboriginal community has already benefited from years of progressive economic development, experts say. Art Sterritt, executive director for Coastal First Nations, said the Lax Kw'alaams's "straight-up business deal" to buy logging rights to an area near Terrace in 2005 eventually gave it the capital to diversify its portfolio, which now includes a helicopter charter company and ferry business.

The band-owned Coast Tsimshian Resources bought the 1.28-million-acre tree farm license with a $9.8 million loan. When the recession started hurting Canadian lumber exports to the United States, band leadership targeted the East Asian market for its raw logs, traveling to China in 2007 to meet with companies and setting up a trade office three years later. Grand Chief Ed John, an executive member with the First Nations Summit, said it was innovative for the Lax Kw'alaams to set up a trade office in China.

Sterritt said the band hired Chinese employees, giving it expertise in the market. Coast Tsimshian Resources later partnered with Tidal Coast Terminals to buy debarking equipment for its Prince Rupert log export terminal, allowing it to get more for its raw logs. It now also exports to Japan and South Korea. Profit from logging became the "corner post" of its economic portfolio. The band, with about 3,600 people living mostly in the Prince Rupert region, has the flexibility to invest in other businesses, Sterritt said.

Band members begin voting May 5 on the $1 billion deal with Petronas, which would pay them over 40 years for their consent to construction of an LNG terminal within their traditional territories. Voting, done by a show of hands, finishes at a May 12 meeting.

Oregon opponents rally against gas pipeline to proposed LNG plant

http://www.mailtribune.com/article/20150503/NEWS/150509875/101154/NEWS

(Mail Tribune; Medford, OR; May 3) - Local activists consider Federal Energy Regulatory Commission approval of the Pacific Connector Gas Pipeline to the proposed LNG export plant at Coos Bay, Ore., almost a fait accompli. So what leaders of the anti-pipeline and LNG movement hope to see following their rally in Medford, Ore., May 3 is for Southern Oregonians to apply pressure on state leaders to join their ranks as the process moves forward. Medford is 100 miles southeast of the proposed LNG plant.

"We need the state to help us out here," Shady Cove resident Bob Barker told a sun-drenched crowd. "The state really needs to know we are strongly opposed to this project. … The various state agencies need to look at things thoroughly and have the opportunity to deny." The 232-mile gas pipeline is part of the $7.6 billion Jordan Cove Energy Project, which proposes to liquefy and ship North American gas to Asia. FERC is preparing an environmental impact statement on the project.

Barker said pipeline construction could be detrimental to the Rogue River and surrounding watershed. "FERC is going to approve this project, there is no doubt about that," he said. "The question is when. Hopefully, the regulatory process will stretch on a while longer." Matt Langhorne, of Ashland, said his lifestyle and the livelihood of family members is endangered by pipeline activity. "If we put this pipeline through Southern

Oregon, it's an insult to all of our values. I know I share a lot of these values with the people that are here — clean water, renewable energy, keeping Oregon green."

FERC denies rehearing request on Maryland LNG plant

http://www.thebaynet.com/articles/0515/fedsdenyrequestforgasplantrehearing.html

(The Bay Net; Maryland; May 5) - The Federal Energy Regulatory Commission May 4 denied requests from several environmental groups that the agency reconsider its 2014 approval for construction and operation of the liquefied natural gas export project in Cove Point, Md. The 33-page decision dismisses issues raised by project opponents, including safety and environmental concerns. Virginia-based Dominion’s LNG plant is scheduled to start up late 2017, adding export capability to a 1970s’ import facility.

Opponents had asked for reconsideration of air emission concerns and environmental consequences of fracking to produce natural gas from the Marcellus Shale. In rejecting the rehearing request, FERC stated: “Potential environmental effects associated with shale region production are not sufficiently casually related to the Cove Point project to warrant detailed analysis as indirect impacts. … Further, development of the Marcellus shale region will likely continue,” regardless whether the Cove Point project is built.

Meanwhile, local project foes continue to voice their displeasure during the public comment segment of the Calvert County commissioners’ weekly meetings. Additionally, several groups are sponsoring “The March for Calvert County to be Dominion-Free” May 30. Sponsoring groups include We Are Cove Point, Calvert Citizens for a Healthy Community, Maryland Chapter of the Sierra Club Southern Maryland Group and the Chesapeake Climate Action Network. Construction is underway at the LNG plant site.

China wary of investing in Russian oil and gas

http://www.ft.com/intl/cms/s/0/4e712254-f1a1-11e4-88b0-00144feab7de.html?ftcamp=published_links/rss/world/feed//product&siteedition=intl#axzz3ZGm1ZC9g

(The Financial Times; London; May 5) - A flagship Russian gas project may soon test Moscow’s newfound willingness to cede greater control of its energy assets to Beijing in exchange for much-needed Chinese financing. Arkady Dvorkovich, Russia’s deputy prime minister, said China National Petroleum Corp. could raise its stake in the $27 billion Yamal liquefied natural gas project that is majority owned by Russian producer Novatek. The Chinese company already holds a 20 percent stake in Yamal.

“They are considering increasing the share in the project,” Dvorkovich said. Russia’s growing eagerness to harness Chinese funding for energy projects will be in focus this week as President Vladimir Putin holds a summit with his Chinese counterpart Xi

Jinping in Moscow. Despite the smiles and handshakes, Chinese oil companies show no rush to invest in Russia, and energy deals between the two countries — the world's largest energy exporter and its top consumer — have been slow to materialize.

"Russia is just seen as a headache," said a lawyer who has advised Chinese energy companies on investments in Russia. As falling oil prices and western sanctions have heightened the need for external investors, the Kremlin has softened its resistance to Chinese control of energy assets. But China is unwilling to pay over the market for Russian assets, regardless of any new political friendship, said James Henderson of the Oxford Institute for Energy Studies. Besides, "The Russians are unreliable, they are always flipping things around for their own interest," said one Chinese oil executive.

Peru would like to renegotiate for higher LNG prices to Mexico

http://interfaxenergy.com/gasdaily/article/16014/peru-the-worlds-cheapest-lng

(Natural Gas Daily; May 5) – Peru is one of the lowest-price suppliers of liquefied natural gas in the world, and the country would like to change the pricing structure on some of its cargoes. Peru's single-train liquefaction plant started operations in 2010. LNG from the plant delivered to Mexico is linked to U.S. natural gas prices, which have been low the past year, bringing down the royalties paid to Peru.

Peru's LNG delivered to Europe is priced against the U.K. gas hub, and cargoes to Asia are linked to crude oil prices in Japan. Because 43 of the 62 cargoes shipped from Peru in 2014 were delivered to Mexico, low U.S. gas prices are having a big impact on Peru's revenues. Royalties have averaged 22 cents per million Btu this year, down significantly from $1.16 in 2013, according to the country's hydrocarbon agency, Perupetro. Cargoes delivered to Mexico for May are priced at $3.80 per million Btu, according to Perupetro.

Shell, a part owner of the plant, dominates the LNG exports, taking more than 90 percent of the volume in 2014. Peru's commercial agreement with Shell is in place until 2028. "When the contract was signed, the thought was that the Henry Hub (the U.S. gas pricing point) was going to be a lot higher than where it is today," IHS Waterborne analyst Andres Rojas told Interfax Natural Gas Daily. "There has been talk of Peru LNG and CFE (the Mexican state electricity utility) negotiating the contract price."

Moody's forecasts doubling of India's LNG demand by 2020

http://rtn.asia/t-t/11219/indias-lng-imports-to-double-by-2020-moodys

(Real Time News India; May 6) - India's LNG imports should more than double to 24 million metric tons per annum (an average of more than 3 billion cubic feet of gas per day) by 2020 from 10.7 million tons in fiscal year 2014, Moody's investor service said. While falling domestic gas production is one reason for the predicted jump in imports, other reasons are low and sustained LNG prices, rising industrial demand and falling domestic gas production levels, said Abhishek Tyagi, a Moody’s vice president

Moody’s report said the demand for LNG in India would be even greater if it were more widely used by the power generation sector, which currently uses only 10 percent of bulk LNG imports because of the fuel’s persistently high price relative to coal and domestic natural gas.

“The stimulant effect on demand of lower LNG prices would be felt post-2017 because the fuel is mostly imported under long-term contracts, which are generally linked to five-year-average crude oil prices,” said Vikas Halan, a Moody’s vice president and senior credit officer. It will take that long for recent low oil prices to make a dent in years of high prices used in the LNG contract calculations.

Anadarko says it is not in talks to sell its stake in Mozambique gas

http://www.reuters.com/article/2015/05/05/anadarko-results-mozambique-idUSL1N0XW1GN20150505

(Reuters; May 5) - Anadarko Petroleum is not in talks to sell its multibillion-dollar stake in Mozambique's gas reserves and instead is working toward a final investment decision on its planned liquefied natural gas project there, the company said May 5. "As it relates to Mozambique, we're not in discussions with anybody," Al Walker, Anadarko's chief executive officer, said in response to a question on the company's earnings call. "We've never hired a banker to run a process."

Anadarko, which has a 26.5 percent stake in the Area 1 license in the Rovuma Basin offshore Mozambique, is gathering the needed agreements and approvals, and a final funding decision is expected later this year or next, the company said. The Mozambique government supports the project, which faces market and cost challenges similar to most proposed LNG projects. Reuters reported in April that Anadarko was looking at selling its stake in the basin, which has reported reserves of 75 trillion cubic feet of gas.

Colorado gas producers are hopeful LNG exports will expand market

http://www.denverpost.com/business/ci_28047446/liquified-natural-gas-may-boost-western-slope-producers

(The Denver Post; May 4) - Natural gas fields on Colorado's Western Slope have been battered by low prices for almost six years, but liquefying that gas and loading it into tankers for delivery to Asia may be a way to revive the region's fortunes. "Liquefied natural gas is one of the best options we've seen," said David Ludlum, executive director of the Western Slope Oil and Gas Association. The proposed Jordan Cove LNG plant in Coos Bay, Ore., is raising hopes for Western gas producers.

The LNG plant's developer, Calgary-based Veresen, last fall spent $1.4 billion to buy 50 percent of the capacity in the Ruby Express Pipeline, which carries Wyoming and Colorado gas to Oregon. Western Slope operations have been particularly hard hit by sagging prices because they produce "dry gas" with little of the more valuable oil and petroleum liquids. The Coos Bay project is one of several dozen LNG export terminals proposed for the U.S. and Canadian East and West coasts and U.S. Gulf Coast.

"Exports can help stabilize the market," said Andrew Ware, director of strategic projects for Houston-based Cheniere Energy, which is building an LNG export plant in Sabine Pass, La. Western Colorado natural gas production dropped about 14 percent between 2012 and 2014, according to state data, and as few as five drill rigs are now operating in the region. “If you've been in a dry gas play, like Western Colorado, you've been through some tough times," Ware said. He was in Denver May 4 to mark the launch of the Rocky Mountain chapter of Our Energy Moment, a trade group promoting LNG.

Corpus Christi awaits decision on Cheniere Energy LNG project

http://www.kristv.com/story/28977808/cheniere-waits-for-final-federal-permit-for-lng-terminal

(KRIS-TV; Corpus Christi, Texas; May 5) - Any day now, Cheniere Energy expects to receive its final federal approval to build a liquefied natural gas export plant in Corpus Christi, Texas. It will be one of the largest construction projects ever to come to the coastal bend both in size and economic impact. Proof of the economic impact and size show up at the company's LNG project currently nearing completion just across the border in Louisiana.

Workers begin to arrive just before 5 a.m. outside the airport in Beaumont, Texas. It takes about 70 buses to ferry most of the 4,200 workers to and from the LNG terminal construction site in Sabine Pass, La. The plant itself stretches nearly a mile long. The property is more than seven times the size of Dallas Cowboys Stadium and more than 10 times the cost. The Sabine Pass plant is scheduled to start up late this year.

Local government and chamber of commerce officials say the biggest challenge the Corpus Christi LNG plant will create is the amount of traffic.

Texas and other states move to block local bans on drilling

http://www.calgaryherald.com/business/Energy+rich+states+move+quash+growing+number+local+limits+drilling/11031023/story.html

(The Associated Press; May 4) - Lawmakers in Texas and other energy-producing states are rushing to stop local communities from imposing limits on oil and gas drilling, despite growing public concern about the health and environmental toll of such activities in urban areas. A half dozen states — Texas, Oklahoma, Ohio, Pennsylvania, Colorado and New Mexico — have imposed or grappled with putting limits on local municipalities' ability to regulate drilling and hydraulic fracturing to release tight deposits of oil and gas.

The Texas Legislature this week approved and sent to the governor a bill that would allow communities to regulate things above ground such as noise, traffic and lighting — as long as the limits are "commercially reasonable" — but would forbid local restrictions on any drilling or activity below the surface. Oklahoma is poised to ban cities and towns from enacting any ordinances considered unreasonable to energy exploration, including limits on fracking, water disposal, well maintenance and other activities.

The backlash against local bans represents a new phase of the shale boom. In the past decade, fracking spawned a huge expansion in drilling that pushed the U.S. to lead the world in oil and gas production. Cities responded to environmental and health concerns by passing restrictions. About 60 municipalities in Texas have some form of ordinance on the books limiting drilling or fracking, according to the Texas Municipal League. Now, state lawmakers are stepping in to shut down the groundswell of local activism.

Egypt will lease second LNG import terminal to ease energy crisis

http://uk.reuters.com/article/2015/05/04/egypt-lng-idUKL5N0XV1SG20150504

(Reuters; May 4) - Egypt has issued a five-year tender to lease a second liquefied natural gas floating import terminal, looking to ease the nation's energy supply crisis, the head of the state gas board told Reuters May 4. Egypt was once an energy exporter but declining oil and gas production and increasing consumption has forced the government to divert energy supplies to the domestic market, turning the country into a net energy importer.

"We launched yesterday a tender to lease a second LNG import terminal for a period of five years. We have sent it to eight international companies and we expect to get a reply within a week," Khaled Abdel Badie said. The floating regasification and import terminal, which stores and warms up LNG back into a gaseous state, would be Egypt's second. A floating import terminal leased from Norway's Hoegh LNG arrived in Egypt last month.

Egypt has struck a number of LNG supply deals, including a March agreement with Russia's Gazprom to import 35 cargoes. Egypt also agreed in January to import 42 LNG cargoes from commodity traders and a dozen more tanker loads from other suppliers. Egypt started LNG exports in 2005 but has dramatically curtailed deliveries.

Lithuania may consider consumer tax to help pay for LNG terminal

http://www.naturalgaseurope.com/lithuania-lng-terminal-security-tax-23433

(Natural Gas Europe; May 5) - The head of Lithuania's central-heat suppliers calls the country's much-lauded liquefied natural gas import facility in the seaport of Klaipeda "an expensive posh store where shopping is mandatory." To bring "fairness" to the situation, Vytautas Stasiunas, president of the heat providers association, insists a single LNG facility maintenance tax should be imposed not only on major gas buyers, but on all the consumers — each Lithuanian citizen.

The necessity for a tax has become particularly urgent after the country's Constitutional Court ruled in favor of the state recently, reaffirming that the country's gas and power suppliers must purchase gas from the facility, where the price is higher than that of pipeline gas from Russia's Gazprom. Nearly all in the Baltic country agree the LNG terminal has helped in pricing talks with Russia, and that Gazprom has cut its prices. But Lithuania is struggling with paying for the costly Norwegian LNG and storage.

"As of now, the residents depending on centralized heating mostly support the LNG facilities, but this needs to be changed. If we deem them objects of national importance and guarantors of our energy security, the population has to take over the burden of costs," Stasiunas said. Lithuania's energy minister said the idea is worthy of discussion. With the far less demand than projected, Lithuania's LNG terminal is being run at just over 10 percent of its capacity.

Rail supplied half the oil to East Coast refineries in February

http://www.eia.gov/todayinenergy/detail.cfm?id=21092&src=email

(U.S. Energy Information Administration; May 5) - Rail delivery of crude oil accounted for 52 percent of the supply to East Coast refineries in February, according to the U.S. Energy Information Administration. As U.S. and Canadian production of crude oil has increased, crude supply by rail to East Coast refineries has grown, displacing waterborne imports of crude from countries such as Nigeria, the EIA said.

"This … marks the first time in EIA's dataset that crude deliveries by rail have accounted for such a high percentage of East Coast refinery supply," the report noted. "The growth since 2010 in inland domestic and Canadian crude oil production created an opportunity for U.S. and Canadian railroads to move crude oil to U.S. refining centers on the Gulf, East and West coasts as well as to refineries in Canada. Much of the crude oil moved by rail is produced from the Bakken Shale in North Dakota and eastern Montana.

"Bakken crude supplied by rail to U.S. East Coast refineries, along with U.S. crude production supplied by marine vessels from the Gulf Coast, has reduced demand for foreign crude oil at the East Coast refineries," the report added. "The growth in crude-by-rail shipments to East Coast refineries has been made possible by expansions in the capacity to load and unload crude oil from trains. Some facilities … are built for unit trains, which consist of 80 to 120 rail cars carrying crude oil."