Oil and Gas News Briefs
Compiled by Larry Persily
June 15, 2020

Report forecasts oil and gas spending will fall to lowest in 15 years

(Houston Chronicle; June 11) - Global spending on oil and gas drilling this year is forecast to drop to its lowest level in 15 years, a new report said. Energy companies are expected to spend $383 billion this year on drilling and pumping for oil and gas, a 29% decline from the $539 billion spent last year. This year's upstream investment is lower than the bottom of the last oil bust, and is expected to remain flat into 2021, according to Rystad Energy, a Norwegian research firm.

"As the impact will be more severe than in the previous downturn, companies are fiercely defending shareholder value and pivoting toward more conservative spending strategies in the near term," said Olga Savenkova, Rystad Energy's upstream analyst. "As the global upstream sector contends with low prices, falling demand and fluctuating exchange rates, every dollar cut will strike directly to the bone."

Rystad expects shale oil investments will take the biggest hit, forecast to fall more than 50% to $67.3 billion this year. Canadian oil sands investments will follow with a decline of 44% to $5.1 billion. Other onshore investments are forecast to fall by 23% to $182.4 billion this year. Offshore spending is expected to be least affected by the oil bust, according to Rystad. Deepwater spending is estimated to fall by nearly 16% to $69 billion this year while offshore-shelf spending is expected to fall by 14% to $59.5 billion.

BP says coronavirus will accelerate change to lower-carbon economy

(CNBC; June 15) - BP announced June 15 it had lowered its oil price expectations through 2050, saying the aftermath of the coronavirus pandemic was likely to accelerate the transition to a lower carbon economy and energy system. The U.K.-headquartered oil and gas company said it had been reviewing its portfolio and capital development plans as part of its ambition to become a net-zero company by 2050 or sooner.

It now expects benchmark Brent crude futures to average around $55 a barrel 2021 to 2050, with Henry Hub gas prices forecast to average $2.90 over the same period. BP's forecasts for Brent futures and Henry Hub gas prices are down roughly 27% and 31%, respectively, when compared to those in the group's annual report at the end of 2019.

As a result of its long-term planning and continued focus on capital discipline, BP said it expected to incur non-cash impairment charges and write-offs in the second quarter, estimated at between $13 billion to $17.5 billion after tax. The large impairment relates mostly to oil and gas exploration assets. Earlier this month BP said it would cut 10,000 jobs from the current 70,100 in response to the coronavirus crisis.

CEO Bernard Looney said in a statement that the coronavirus outbreak "increasingly looks as if it will have an enduring economic impact. … We have reset our price outlook to reflect that impact and the likelihood of greater efforts to 'build back better' toward a Paris-consistent world." BP is set to increasingly shift its fossil fuel production from oil to gas, which is expected to play a key role in supplying growing demand for electricity.

OPEC could benefit as rivals cut back on investments

(Bloomberg; June 13) - Once the oil market emerges from the coronavirus crisis, it may be greeted by a surprising change: greater dependence on OPEC crude. As the price collapse chokes off investment in new fields around the world, from the mega-projects of Big Oil to U.S. shale, some analysts see the cartel reviving its battered standing. "From the point of view of oil-market share, OPEC will be a clear winner in the coming years," said Michele Della Vigna, head of energy industry research at Goldman Sachs.

"Under-investment in the rest of the industry ultimately plays to their favor," Vigna said. Goldman Sachs forecasts the "call on OPEC" may climb 17% between 2019 and 2025. Rystad Energy and Citigroup have also turned toward estimating growth for OPEC's market share. "Maybe it's a reprieve," said Ed Morse, head of commodities research at Citigroup. "The big threat from U.S. production growth of 1 million barrels a day per year ad infinitum — or at least through 2025 — is no longer present in the way it was."

U.S. crude output has plunged by 15% in the past two months, according to government data. With spending in the shale sector cut in half, according to IEA estimates, worse news may be yet to come. For Goldman, an even bigger issue than the shale slowdown is a 60% decline over the past five years in annual investment in long-term projects — which are needed to sustain output from OPEC's rivals — to about $37 billion. This will finally be felt next year, bringing supply growth outside OPEC to a halt, the bank said.

Venezuela down to just one working oil drilling rig

(Bloomberg; June 12) - Venezuela's fall from oil superpower to failing producer can be illustrated in one image: a single drilling rig working the world's largest oil reserves. As fields across the nation shut down amid a relentless U.S. campaign to cut Venezuela off from global oil markets, the number of rigs drilling for crude fell to just one in May, according to data from Baker Hughes. Another lone rig was drilling for gas. That marks a 96% decline since January, when drilling fell to levels not seen since 1963.

Having a single active rig takes the country back to the beginning of its oil industry, well before it became a founding member of OPEC. The development underscores the toll that U.S. sanctions have taken on the nation. State-owned oil company Petroleos de Venezuela (PDVSA) has been gradually shutting fields due to fewer buyers, low prices and lack of investment and personnel. In May about one-third of the 77 oil fields across the country were producing zero barrels and more than 10% pumped less than 500 barrels per day, according to PDVSA production data seen by Bloomberg.

The last remaining rigs in Venezuela were located at the Maracaibo basin and the Orinoco Oil Belt, operated by PDVSA joint ventures, according to people familiar with the matter. Production has been dropping steadily over the years to historic lows. The downturn in production has culminated in a nationwide fuel crisis, with local refineries unable to churn out enough gasoline and diesel to meet demand. At its peak in the late 1990s, the country produced almost 3.5 million barrels of crude per day.

J,P. Morgan forecasts Saudi Arabia will gain market share

(Reuters; June 12) - Saudi Arabia's share of the global oil market is set to rise this decade to its highest since the 1980s as investment in production elsewhere dries up in the wake of the coronavirus crisis, J.P. Morgan said in a report. Oil prices have plunged more than 40% this year after an unprecedented collapse in demand, prompting oil and gas companies to announce spending cuts that will total $625 billion by the end of the decade, according to the Wall Street bank.

The investment crunch will lead to a loss of output that is set to push benchmark Brent oil prices to $60 a barrel within two years, J.P. Morgan analyst Christyan Malek said. The bank expects global oil demand to average 91 million barrels per day in 2020, with consumption only recovering to pre-pandemic levels of 100 million barrels per day in November 2021. Changes in consumption patterns will lead to a permanent demand loss of 3 million barrels a day this decade compared with earlier forecasts.

Oil supply, meanwhile, is set to fall by 5 million barrels per day due to a lack of investment in new output and the closure of some fields. With the lowest production costs and biggest capacity, Saudi Arabia is best placed to take up the slack, the bank said. "Saudi Arabia will come out on top in the fight for market share as non-OPEC and U.S. production fades," Malek said. Saudi Arabia's market share is set to grow from 11.6% in 2020 to 15% over the period, a level not seen since the 1980s, he said.

Norwegian Parliament delays $10 billion in oil taxes

(Bloomberg; June 10) - Norway has been talking for years about weaning itself off oil, but the COVID-19 crisis has revealed how far it has left to go. Norwegian politicians this week sweetened a package that will delay more than $10 billion in taxes for oil companies and make projects more profitable after even the country's industry-friendly prime minister implored lawmakers to show some "spine." Critics say the move could lead to loss-making ventures and slow down the necessary shift to a greener economy.

The oil lobby and the industry's most influential executives put massive pressure on politicians for the changes, arguing that thousands of jobs were at stake if more wasn't done to stimulate investments after a deep rout in oil prices. The broad agreement in Parliament gives the oil industry what it asked for. While that was expected, given the severity of the crisis, it contrasts with a sense that the political momentum in recent years was slowly turning against oil as climate change concerns grow deeper.

"This illustrates how oil dependent we are," said Kari Elisabeth Kaski, a lawmaker from the Socialist Left Party, who didn't back the changes. "This package tells us that Norway is nowhere near ready to switch from oil and gas," said Silje Ask Lundberg, head of the Norwegian Society for the Conservation of Nature. The "excessively generous" terms granted to oil companies could prolong Norway's reliance on oil, regardless of what most politicians aspire to, said Kari Due-Andresen, chief economist at Handelsbanken.

North Dakota likely fell below 1 million barrels per day in May

(Williston Herald; ND; June 12) - North Dakota in April posted the largest drop on record for oil and gas production — a record North Dakota's Department of Mineral Resources Director Lynn Helms said will be topped by even steeper drops in May. North Dakota reported a 15% drop in oil production for April, going from 1.43 million barrels per day in March to 1.219 million in April. Gas production, too, posted a record 13% drop, going from 3.128 billion cubic feet per day in March to 2.712 bcf per day in April.

Production drops are not over yet. May will have an even steeper drop of an additional 300,000 barrels per day, Helms said, and that means the state will fall below the magic million-barrels-per-day number. There were some bright spot in the numbers, as production appears to have turned a corner, Helms said. Based on data he sees on a weekly basis, the low point hit somewhere between May 16 and 23. Production numbers have already ticked up about 100,000 barrels per day from the lowest point.

North Dakota governor calls falling revenues economic Armageddon

(Reuters; June 12) - When the coronavirus first appeared in the U.S., North Dakota was in the envious position of having more money in its state coffers than it had budgeted. Now it is making sweeping cuts to state agencies in a bid to stem the financial bleeding from a historic oil-price collapse sparked by the coronavirus pandemic and a battered farm economy still struggling with the fallout from the U.S.-China trade war.

Gov. Doug Burgum has asked state agencies to begin slashing upcoming budgets between 5% and 15% to weather what he has described as an economic Armageddon as energy-related revenues plummet. North Dakota is among the states most dependent on both energy and agriculture. The impact of the virus and trade war on its lifeblood industries could ripple through its budget for years through cuts to education, government, and highway services.

With North Dakota generally running a balanced budget with little debt, its struggles point to a long road to recovery for states dependent on commodity production, many that were already on shakier financial ground when the virus hit. Taxes collected on oil production — the biggest contributor to North Dakota's tax revenue — more than halved to $95 million in March from around $200 million previously. Oil producers have cut output quickly in North Dakota as benchmark prices fell below their costs of production.

Wyoming oil production could drop 45% this year

(Cowboy State Daily; Wyoming; June 12) - Before COVID-19, Wyoming officials were hopeful that increased oil demand could offset declining gas and coal revenues, but a foreign price war dashed those hopes this spring, said Rob Godby, the University of Wyoming's Energy Economics and Public Policies Center director. Before this year, the state's oil production never fell by more than 10% in a single year. Now it looks likely to drop 45%, Godby said. "This is catastrophic." The state produced almost 300,000 barrels a day in December 2019, its best month in more than 30 years.

During the next five years, Wyoming's oil production rates are not expected to return to 2019 levels, Godby said, citing the latest Consensus Revenue Estimating Group report. Few believe Wyoming's energy sector will return to pre-pandemic production any time soon, he said. "Some of the most rosy projections predict oil could come back, but the problem is the U.S. is a high-cost producer," Godby said. "Where we think oil will come back is in newer fields, not in places like Wyoming."

Natural gas, however, is poised for a rebound as oil production slows, decreasing the surplus gas flooding the market, but Godby said experts question whether Wyoming would be considered a prime location for new wells in the future. "We don't expect the increases in natural gas through 2024 to bring us back to where we were in 2019," he said. "It's possible oil and gas development will occur elsewhere outside of Wyoming."

Papua New Guinea amends law for bigger share of resource wealth

(Reuters; June 11) - Papua New Guinea has passed legislation seeking to boost benefits to the country from oil, gas, and mining developments, which could impact talks on stalled projects planned by ExxonMobil and Newcrest Mining. The amended laws reflect an ongoing push by Prime Minister James Marape, who came to power a year ago on a platform to lift the country out of poverty by getting a bigger share of wealth from the country's energy and minerals.

The country would not break legitimate exploration or development contracts or agreements, Marape said in a posting on his Facebook page after the legislation was passed on June 10. "I can assure our investors that we know they must make money for their shareholders too, so we will not be greedy, but we (are) just asking for a fair share if they want to harvest our resources," Marape wrote. The government also plans to put in place a production-sharing regime to take effect from 2025, he said.

Marape's push for more benefits has held up talks on Exxon's P'nyang gas development, key to a $13 billion plan to double the country's liquefied natural gas exports, and talks with Newcrest to develop its Wafi Golpu gold project. Credit Suisse analyst Saul Kavonic said the amended law could pose challenges for the LNG expansion. "The move may signal the PNG government's resolve to maintain a tough approach to fiscal-terms negotiations," Kavonic said in a note.

Moody's lowers outlook for pipeline, oil storage business

(Houston Chronicle; June 11) - An oil and gas industry bust caused by the coronavirus pandemic is beginning to spill over into the pipeline and storage tank business, a credit-rating agency report said. Moody's downgraded its outlook for the midstream sector, which includes pipeline and storage terminal operators, to negative from stable. It's the first time the ratings firm has ever given a negative outlook for the midstream sector.

"Although midstream cash flow is largely insulated from the full brunt of commodity price and volumetric instability, the rapid pace and the magnitude of production declines have finally spilled into the midstream sector, compromising its aggregate credit quality," Moody's said. Record low oil prices caused by the pandemic and a price war between Russia and Saudi Arabia prompted producers to slash their budgets while oil field service companies laid off tens of thousands of workers.

The midstream sector has put plans for several new pipeline projects on hold, but earnings largely have been insulated from the downturn as oil companies sought to move and store crude until higher prices return. Moody's now projects that oil production curtailments have been so sharp that pipeline and storage tank operators are expected to see earnings before income tax, depreciation and amortization fall by 5% this year.

Curbs on international travel cut deeply into demand for jet fuel

(Bloomberg; June 12) - As China's economy began to recover from coronavirus-induced stay-at-home orders in April, Victor Li took to the sky again. The 31-year-old investment manager, who used to fly about 150 times a year, has flown from his home in Beijing to Shanghai four times since lockdowns were lifted and recently found himself on a local flight that was about 90% full. But while Li's happy to be traveling again, he still can't fly to Hong Kong for work, which he typically does around 10 times a year.

It sums up the predicament of China's aviation market and provides a glimpse of what's likely to happen in other countries. While domestic flights have rebounded, it doesn't extend to international travel. And that portends a long and slow recovery for airlines, the refiners that produce jet fuel and, in turn, oil prices. While China's domestic flight capacity on main routes has recovered to within 7% of year-earlier levels, international capacity is still down by 95%, according to Jefferies Group analyst Andrew Lee.

Even if countries can successfully reopen their economies, the cooperation needed to reboot international travel could lag years behind. In the U.S., the hardest hit market is the West Coast, which has lost about 250,000 barrels a day of demand in large part because fuel-guzzling trans-Pacific flights have all but disappeared. "Normally a lot of flights go across the Pacific, which chew up a lot of fuel," said John Faustich, senior associate at transport fuels consultancy Stillwater Associates in Irvine, California.

Producers OK with using CARES Act funds to plug abandoned wells

(Bismarck Tribune; N.D.; June 10) - As North Dakota creates a program to plug abandoned oil wells using federal coronavirus relief dollars, landowners and oil companies said at a hearing June 10 that they support the concept but have specific concerns they want the state to address. The North Dakota Oil and Gas Division has identified 368 potential wells to plug in the western and northern parts of the state. It plans to do the work by spending $33 million in funding from the federal CARES Act.

Numerous oil producers expressed concern that if officials move to plug their wells, the state could seize their bonds, which it is allowed to do under state law. Bonds are a form of financial assurance provided by well owners. The state requires them to ensure that at least some money is available to plug and clean up a well site if the company fails to complete those responsibilities when it stops operating a well.

Producers also said they did not want to subject themselves to any potential legal action by the attorney general's office, as is possible under state law. The trade group representing the state's oil and gas industry said officials should rely solely on the pool of CARES Act money to plug the wells. "It appears to us that if you use those funds, then you do not need to seek reimbursement for the plugging of these wells from the operators," said Ron Ness, president of the North Dakota Petroleum Council.

[Oil industry collapse keeps equipment auctioneers busy]

(Reuters; June 11) - Fast-talking auctioneer Greg Highsmith sung out dozens of prices — “seventy-five-hundred now, $10,000 now, be able to get 15,000?” — before a North Dakotan buyer paid $27,500 for a used Caterpillar oil-swabbing rig. Total time taken to auction that rig, which when new could cost more than $500,000? Just 51 seconds. The rig was one of more than 2,000 lots offered in an online auction of oil, gas and industrial equipment out of North Dakota’s Bakken shale region last week.

The market is more active than at any point since the downturn of the 1980s, said Dan Kruse, a San Antonio-based auctioneer. Low prices have driven U.S. and Canadian oil companies to slash production by over 3 million barrels per day and cut working rigs by nearly 800 from a year ago to just 305 in June, leaving a lot of idled equipment. The cutbacks have prompted auctions from Texas to Canada. Even if oil prices remain in the high $30s, it will not be enough to spur much in the way of additional drilling.

“We’ll need fewer coal-tubing units, fewer well-service rigs, fewer trucks, sand mines, everything,” said James West, analyst and senior managing director at Evercore ISI. Ritchie Brothers, the biggest industrial auctioneer, conducted its largest-ever Texas auction in Fort Worth earlier this month, selling nearly 5,300 equipment items and trucks for more than $81 million. Due to the coronavirus pandemic, the auction was held online, drawing 11,600 prospective buyers from 68 countries.

[Chesapeake Energy preparing for potential bankruptcy]

(Bloomberg; June 12) - It will go down as wildest of the shale wildcatters, the pioneer of fracking techniques that minted vast fortunes and now have left behind ruin. Financial reality has caught up with Chesapeake Energy, avatar of the boom and subsequent bust of North American shale. Chesapeake’s spiral toward oblivion accelerated this week with executives said to be preparing for a potential bankruptcy.

For a company that’s been skirting disaster for most of the past decade, the COVID-19-driven collapse in world energy prices merely added one more exclamation point to a tale of risk, hubris and debt. Chesapeake may be shale’s biggest corporate casualty, but it is hardly the first — and won’t be the last. Almost three dozen explorers, frackers and pipeline operators have fled to bankruptcy since the start of this year, buckling under $25.2 billion in cumulative debts, according to law firm Haynes and Boone.

In 2006, Chesapeake was spending on average $1 billion a year to snap up drilling rights from Texas to Pennsylvania. It raised output more than 10-fold between 2000 and 2013, and even toyed with expanding overseas before concluding that many European shale formations were unsuitable for drilling. At its peak, Chesapeake pumped more U.S. gas than anyone aside from Exxon and boasted a market valuation of $38 billion.

But the company only generated positive cash flow in two out of the past 30 years. When gas output from newly tapped shale fields flooded markets and prices tumbled, Chesapeake had to scramble to find new investors or joint-venture partners to provide cash infusions. In the end, it ran out of escape routes from its $9.5 billion debt load.

Cheniere Energy founder finding it hard to repeat LNG success

(Financial Times; London; June 9) - Energy tycoon Charif Souki launched Tellurian four years ago in an effort to repeat his success at Cheniere Energy, the U.S. liquefied natural gas pioneer he founded. But lightning has not struck twice. Work has not started at Tellurian’s LNG plant, years after construction was due to begin. The company has dismissed 40% of its staff and its market value has fallen from $4 billion to $500 million.

The global LNG market has been pummeled as the pandemic saps demand. Gas prices overseas have fallen below those in the U.S., belittling the economics of exports. While many proposed LNG export projects have stalled, none is headed by as well-known a promoter as Souki. He established Cheniere in 1996, building an LNG import terminal at Sabine Pass, Louisiana. He pivoted to build an export terminal at the site when fracking transformed the U.S. market, a prescient move that made him a doyen of the industry.

Cheniere fired him in 2015 weeks before its first export cargo in a boardroom coup. He soon returned with Tellurian, introducing a plan to undercut his former business by 15% to 20% on costs. His company launched with grand ambitions, spending more than $80 million a year and hiring away top Cheniere executives as it drummed up business for the Driftwood LNG plant 40 miles east of Sabine Pass. At a cost of $30 billion and a capacity of 27.6 million tonnes of LNG a year, it could be the largest in the U.S.

“The fact that he was able to build one LNG company made some investors more comfortable that he could successfully build a second. Thus far, that thesis really hasn’t proven out to be true,” said Jason Gabelman, an energy analyst at Cowen.

Cancelled U.S. LNG cargoes a ‘wake-up call’ for industry

(S&P Global Platts; June 12) - Cancellation of dozens of U.S. LNG cargoes this summer is a "wake-up call" for the industry that new projects will not automatically be profitable, a senior official at Total said. "It's much more complex than that. It's clear that if you don't have a global footprint, if you don't have the flexibility needed to cope with demand that will vary from one year to the other, if you don't have a low break-even project, you will suffer," said Philippe Sauquet, Total's president of gas, renewables and power.

Without those attributes, LNG would not be the "golden market" that some companies — particularly in the U.S. — thought it would be, he said. Spot LNG prices have slumped to record lows in 2020 due to an oversupplied market coupled with the demand hit from the coronavirus pandemic. Sauquet said that while the oversupply was not a surprise given the wave of new capacity coming online, the scale of the glut triggered by the coronavirus crisis was more intense than could have been reasonably expected.

"The combination of this wave of new projects, mainly from the U.S., is reaching the market at a time when COVID-19 is depressing it in an unexpected manner," he said. "But I'm not completely surprised. We knew that in this boom-and-bust market there is always a temptation for some investors to go too quickly." Sauquet stressed that Total's strategy around LNG investments is unchanged with a focus on cost. "We want to focus on very low break-even projects in order to be resilient in these tough times."

Australian LNG cargo headed to Mexico

(S&P Global Platts; June 11) - An Australian LNG cargo is heading to Mexico in a rare trade, reflecting the extent of oversupply in the Asian LNG market. The British Mentor departed from the Chevron-operated Wheatstone LNG project on March 15 and was floating for around two weeks without a destination, vessel trackers cFlow and Kpler showed. The ship is now on its way to Manzanillo on Mexico's Pacific Coast, where the state-owned electric utility operates an LNG terminal. The vessel was chartered by BP.

BP declined comment. The shipment is unusual because Australian LNG is generally shipped to customers in North Asia, such as China, Japan, or South Korea due to supply contracts and geographical proximity. But in recent weeks there has been a lack of buying appetite in Asia as gas demand has been hit by high inventories, coronavirus-driven lockdowns, and slowing economies, forcing LNG producers to find new buyers.

Additionally, the Atlantic market has somewhat tightened with nearly 20 to 30 U.S. LNG cargo cancellations per month due to weak demand, allowing markets like Mexico to command the best prices in a buyers' market. Jeff Moore, manager, Asian LNG Analytics at S&P Global Platts, said the British Mentor's latest route was certainly one of the few times an Australian cargo has gone to North America in recent years. "I think this certainly speaks to the lack of spot interest here in Asia," Moore said.

Novatek orders LNG barges to serve as transshipment terminals

(High North News; June 10) - Novatek, Russia's largest private natural gas producer and operator of the country's largest LNG plant, has taken another step in optimizing its transport logistics along the Northern Sea Route. South Korea's Daewoo Shipbuilding

& Marine Engineering and Novatek signed a deal for construction of two massive liquefied natural gas storage barges totaling $748 million. Delivery is expected in 2022.

The floating storage units will serve as permanent transshipment facilities located near Murmansk and off the Kamchatka Peninsula at the western and eastern ends, respectively, of the Northern Sea Route. The barges will receive and store LNG from ice-class carriers transiting the route, then transfer the fuel to traditional tankers for the final leg of the delivery. The units will be the world's largest floating LNG storage vessels, at 1,300 feet in length and almost 200 feet wide, each with capacity for almost 8 billion cubic feet of gas as LNG — more than twice the cargo of a traditional carrier.

The barges will allow Novatek to significantly reduce its transport costs by minimizing the use of expensive ice-class carriers for the entire delivery voyage. Novatek and its shipping partners for the Yamal LNG terminal use specialized ice-capable vessels to transport LNG from the point of production in the Russian Arctic to Europe or Asia. Ideally, the company will restrict the use of those ships to the icy parts of the voyage before transferring the gas to conventional LNG carriers at the transshipment points.

Nova Scotia LNG project now targets decision in 2021

(Kallanish Energy; June 12) - Canada's Pieridae Energy said on June 11 it is fully committed to its proposed Goldboro LNG project in Nova Scotia, despite a delay on its final investment decision. FID was delayed to June 30, 2021, the company said, due to COVID-19 impacts. KBR, the engineering, procurement and construction contractor, has not been able to press forward with pricing elements of its estimate because of business closures. Goldboro plans on a fixed-price contract for project construction.

KBR couldn't "access such things as modular yards in China and Europe, so the delay was a function of the pandemic, nothing more," said James Millar, Goldboro's director of external relations. Analysts believe North American LNG projects will struggle as the COVID-19 crisis not only affects the projects' logistics but also LNG demand and prices. There is currently a global overhang in LNG capacity, challenging the economics of LNG exporters. Many global LNG projects are either being canceled or delayed.

The case for Goldboro is different though, Millar said. "Now is the time for Canada to seize the opportunity to enter this industry at a time when others are exiting." The plan is to open up new trade routes to get Canadian gas to market, taking advantage of its short shipping distance. Goldboro is half the distance to Europe, and closer to South America and South Asia (via the Suez Canal) compared to ships from the U.S. Gulf Coast and Qatar. The 10-million-tonne-per-year project is set to start up in 2025/26. The entire capacity of its first train has been sold to a German utility under a 20-year deal.