

U.S. Gas Demand Is Growing Faster Than Production, Williams Says

2018-10-15 15:55:04.594 GMT

By Naureen S. Malik

(Bloomberg) -- U.S. natgas demand expanded by 10 bcf/d over past 12 months, topping about 8 bcf/d of production growth during the same period, says Chad Zamarin, senior v.p. Of corporate strategic development at Williams Cos.

* Biggest driver of demand growth was from residential, commercial segment, accounting for 4 bcf/d; consumption also rose among power generators and industrial users

** Zamarin said demand growth was strong in what was a relatively normal winter

* "There is a tremendous amount of energy that wants to move across our country," but there are infrastructure constraints

* NOTE: Williams to Start \$3 Billion Pipe Unleashing Appalachian Gas

* NOTE: Zamarin spoke at Energy Dialogues' North American Gas Forum in Washington

To contact the reporter on this story:

Naureen S. Malik in New York at nmalik28@bloomberg.net

To contact the editors responsible for this story:

Simon Casey at scasey4@bloomberg.net

Christine Buurma

FERC's LaFleur Sees Significant Risk of Gas Pipe Overbuild

2018-10-15 19:31:03.853 GMT

By Naureen S. Malik

(Bloomberg) -- FERC needs to reconsider how natgas pipelines are evaluated because there is an overlap of projects as production expands, says Commissioner Cheryl LaFleur.

* There is a "significant risk of pipeline overbuilding," and agency needs to consider whether potential consumers are local distribution companies, power plants or exporters

* Commission's work overseeing pipeline reviews and approving projects is "getting harder" because of push toward cutting carbon and surge of projects amid increases in production, demand

* NOTE: LaFleur spoke at Energy Dialogues' North American Gas Forum in Washington

To contact the reporter on this story:

Naureen S. Malik in New York at nmalik28@bloomberg.net

To contact the editors responsible for this story:

Simon Casey at scasey4@bloomberg.net

Christine Buurma, Joe Carroll

Permian Is Flaring 2 Mtpa Worth of LNG Exports, Tellurian Says

2018-10-15 19:53:45.147 GMT

By Naureen S. Malik

(Bloomberg) -- Permian shale growth is driven by oil and is flaring ~300 mmcf/d of natgas, equivalent of ~2 mtpa of LNG exports, says Tellurian CEO Meg Gentle.

* U.S. LNG export capacity will reach 80 mtpa, or ~11 bcf/d, by 2020-2021 and “we will need to see export capacity double to meet” production growth from different basins: Gentle

* Commoditization of LNG market is happening faster than anticipated

* NOTE: Shell-Led LNG Project Bucks Trend by Not Waiting for Buyers

* NOTE: Gentle speaks at Energy Dialogues’s North American Gas Forum in Washington

To contact the reporter on this story:

Naureen S. Malik in New York at nmalik28@bloomberg.net

To contact the editors responsible for this story:

Simon Casey at scasey4@bloomberg.net

Carlos Caminada, Christine Buurma

Tellurian, LNG CEOs See Potential for Deals Getting Done in 2018

2018-10-15 23:03:13.804 GMT

By Naureen S. Malik

(Bloomberg) -- Tellurian is targeting deal with equity investor in Driftwood LNG project in La. by year-end and talking to 35 potential parties, up from 25 earlier this year, CEO Meg Gentle says in interview in Washington.

* Liquefied Natural Gas Ltd. CEO Greg Vesey says it's still possible co. can secure a long-term buyer for its Magnolia LNG project in La.

** Buyers are interested in 20-year contracts; negotiations are around price and now also "FID risk," a sign they are getting more serious and are looking to back projects that will get built: Vesey

** Potential Chinese customers won't sign a deal until uncertainty over trade dispute is resolved: COO John Baguley

* Tellurian's Gentle says about half a dozen of potential customers are in more advanced stages of negotiations and co. is prepping to send around another round of contract details

* NOTE: Executives of Tellurian, LNG Ltd. spoke in separate interviews on sideline of Energy Dialogues' North American Gas Forum

To contact the reporter on this story:

Naureen S. Malik in New York at nmalik28@bloomberg.net

To contact the editors responsible for this story:

Simon Casey at scasey4@bloomberg.net

Carlos Caminada, Jessica Summers

China May Hike Levy on U.S. LNG as Spat Heats Up, Group Says (1)

2018-10-16 20:26:58.707 GMT

By Naureen S. Malik

(Bloomberg) -- China could more than double its tariffs on U.S. natural gas as the trade war intensifies, putting billions of investment dollars at risk in the race to build export terminals, according to an industry group.

There's "a real concern" that the Asian nation will boost its levy on liquefied natural gas to 25 percent from 10 percent, said Charlie Riedl, executive director of the Washington-based Center for Liquefied Natural Gas. That would bring the tariff to the level China initially proposed in August. The existing 10 percent duty is already complicating contract negotiations, according to Greg Vesey, chief executive officer of developer Liquefied Natural Gas Ltd.

Surging global demand for LNG -- driven by China, which is on the cusp of becoming the world's biggest gas importer -- has spurred plans for new export terminals from Australia to the U.S. Gulf Coast. But the risk of higher tariffs, which could make U.S. gas too costly to ship to Asia, is threatening to derail some of those projects. The trade tensions come just as companies including Liquefied Natural Gas Ltd. and Tellurian Inc. look to turn discussions with potential Chinese investors into formal deals.

The Center for Liquefied Natural Gas is making the case to the Trump administration "that a tariff of 10 percent or 25 percent for a prolonged period is literally billions of dollars lost," Riedl said in interview on the sidelines of Energy Dialogues LLC's North American Gas Forum in Washington. During a panel at the forum, Republican U.S. Senator Bill Cassidy of Louisiana -- home to Cheniere's Sabine Pass terminal, the first to export U.S. shale gas -- described LNG as a casualty in a trade war that's really a dispute over technology and economic power.

Until the trade issues are resolved, China is "just not going to sign any deals," John Baguley, chief operating officer at Liquefied Natural Gas Ltd., said in Washington. Though the tariffs may deter China from signing long-term LNG contracts with the U.S., other countries are more inclined to ink deals. Buyers are eager to ensure a steady supply of gas on concern that rising Chinese demand will send prices sharply higher, Octavio Simoes, CEO of Sempra LNG & Midstream, said in an interview in Washington.

"If the demand in China goes up, then prices will go up," Simoes said.

For more on the China LNG tariffs, click here Riedl said his group has met with U.S. agencies and Cabinet departments. The administration is serious about addressing the LNG industry's concerns that the trade spat will hamstring project development, he said.

"We are hopeful that it will blow over," he said.

To contact the reporter on this story:

Naureen S. Malik in New York at nmalik28@bloomberg.net

To contact the editors responsible for this story:

Simon Casey at scasey4@bloomberg.net

Christine Buurma, Carlos Caminada

Panama Canal Says Volume of LNG Ship Traffic Will Triple by 2020

2018-10-18 21:01:36.279 GMT

By Naureen S. Malik

(Bloomberg) -- The Panama Canal Authority said the number of tankers carrying liquefied natural gas through the waterway will triple by 2020 to about three per day as the global market for the fuel expands.

The increase was confirmed by Jose Ramon Arango, a liquid bulk fuels specialist at the authority, in a telephone interview. "This is an industry that is moving very rapidly," he said.

LNG tankers, which can stretch the length of six football fields, were only able to transit the 104-year-old canal after an expansion project was completed in 2016. That coincided with the start of the U.S. LNG export boom, with Cheniere Energy Inc. launching its Sabine Pass terminal in Louisiana the same year. There are now two export terminals operating in the the lower 48 states. That number is expected to climb to six by 2020, making the country the world's third-largest exporter after Qatar and Australia.

"The Panama Canal Authority is taking the right steps," Sempra LNG Chief Executive Officer Octavio Simoes said this week in an interview during the North American Gas Forum, an event hosted by Energy Dialogues LLC in Washington. Simoes said last year the canal's scheduling system was too inflexible. One sign of progress in Panama was Cheniere having four tankers -- two full vessels and two that were empty -- "cross" each other while heading to and from its Louisiana terminal on a single day this month, Christopher Smith, the company's senior vice president of policy, said during a panel discussion at the forum.

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Naureen S. Malik in New York at nmalik28@bloomberg.net

To contact the editors responsible for this story:

Simon Casey at scasey4@bloomberg.net

Christine Buurma

Watch This Spread for Signs of Tight LNG Market, Tellurian Says

2018-10-22 16:11:40.539 GMT

By Naureen S. Malik

(Bloomberg) -- The global natural gas market is heating up, if a key price gap is any indication, according to Tellurian Inc.'s top executive.

Last month, liquefied natural gas for delivery in December using the Japan/Korea Marker jumped to more than 17 percent of the price for Brent crude, the futures contract on which most LNG deals are based. That compares with 14 percent for some legacy long-term agreements, according to Poten & Partners Inc. The runup comes amid surging demand in Asia, where countries from China to South Korea are boosting consumption as power generators switch to cleaner-burning LNG from coal and fuel oil. Higher prices for Brent-linked gas may make it easier for U.S. shale supply, which isn't based on crude futures, to attract buyers on the other side of the world.

Global LNG market tightness "is going to keep the U.S. competitive in the market," Meg Gentle, chief executive officer of export developer Tellurian, said last week during Energy Dialogues LLC's North American Gas Forum in Washington. Tellurian plans to build a terminal in Louisiana.

U.S. gas futures have weakened to about 4 percent of Brent versus 25 percent in late 2005 after Hurricane Katrina slashed Gulf of Mexico production in the years before the shale boom. The nation began shipping shale gas abroad two years ago and is on course to become the world's third-largest exporter, behind Qatar and Australia.

The discount for American gas has made it profitable to send overseas even as shipping expenses have climbed. It costs about \$9.60 per million British thermal units, or 12 percent of Brent, to get U.S. LNG to China, factoring in a 10 percent tariff and the cost to chill the fuel into a liquid, according to Jason Feer, head of business intelligence at Poten & Partners in Houston.

To contact the reporter on this story:

Naureen S. Malik in New York at nmalik28@bloomberg.net

To contact the editors responsible for this story:

Simon Casey at scasey4@bloomberg.net

Christine Buurma, Margot Habiby