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Midstream Pulse

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Delfin signs 0.6 mtpa SPA, lining up mid-year FID for first FLNG

A U.K. subsidiary of New York-based commodities firm Hartree Partners signed a 20-year sales and purchase agreement to offtake 0.6 mtpa from the Delfin LNG project. Hartree Partners Power & Gas Co. (UK) Ltd. will purchase the LNG on a free-on-board basis at a price indexed to Henry Hub from the proposed brownfield deepwater LNG export terminal, which will be located 40 miles off Louisiana.

The project is designed to accommodate up to four floating LNG facilities to produce up to 13.3 mtpa of LNG and has authorization from the U.S. Department of Energy to export that volume to countries with or without free trade agreements. The vessels will have a newbuild design with 3.5 mtpa nameplate capacity and will be built in cooperation with Samsung Heavy Industries and Black & Veatch. The two contractors have completed FEED work.

With the Hartree SPA, Delfin says it has 3.1 mtpa in commitments for its first FLNG, enough to make an FID targeted for mid-2023. The company signed a 15-year binding contract with Vitol for 0.5 mtpa and heads of agreements for 1 mtpa with Centrica and a potential 1 mpta with Devon Energy in 3Q22. ***Read more...***

Kinder adds another TGP expansion to backlog, sees PHP delay

Kinder Morgan added $400 million in projects to its backlog in Q1, pushing the total to $3.7 billion. The additions included $324 million of interstate pipeline projects, among them a Tennessee Gas Pipeline expansion that will aid the Tennessee Valley Authority in retiring coal-fired generation. Permitting is underway for the $180 million project, which will add 32 miles of pipeline to transport 245 MMcf/d to a proposed 1.45 GW TVA generation facility in Cumberland, Tennessee. Pending receipt of all permits, the TGP project is expected online Sept. 1, 2025.

32 miles of new TGP pipe to move 245 MMcf/d to planned 1.45 GW TVA plant.

Kinder already has a separate expansion project underway on TGP, the $263 million East 300 upgrade, as well as an expansion of its operated 2.0 Bcf/d Permian Highway Pipeline, which ships natural gas from the Waha hub in the Permian Basin to Katy in the Houston area. Both primarily involve adding or upgrading compression.

According to the company's April 19 earnings release, construction is underway on the last of three new compressor stations in New Jersey and Pennsylvania for the East 300 upgrade, after FERC issued a notice to proceed Feb. 3. ***Read more...***

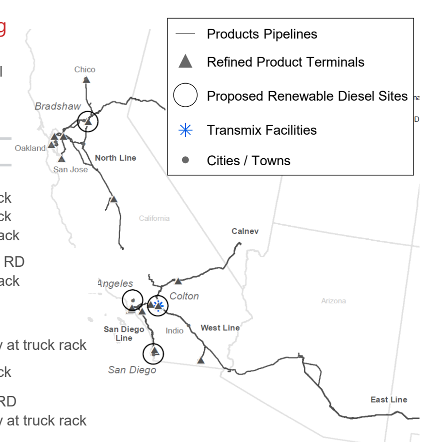
Kinder Morgan's West Coast Renewable Fuels Projects

Subsidies & state goals for emissions reductions are driving increased RD volumes

Particularly in California where stacked subsidies currently average ~$4.00/gal (RIN+LCFS+BTC)

Expanding our renewable fuel handling capabilities:

Project	Project Description
– Northern CA RD by pipeline	
Bradshaw (Sacramento)	Providing 6 mbbld R99 capacity at truck rack
San Jose	Providing 5 mbbld R99 capacity at truck rack
Fresno	Providing 10 mbbld R99 capacity at truck rack
– Carson RD (Port of LA)	Converting ~500 mbbls storage capacity to RD Providing 15 mbbld R99 capacity at truck rack
– Southern CA RD blending	
Colton (inland)	Increasing blend capabilities to 20% Providing 15 mbbld blended diesel capacity at truck rack
Mission Valley (San Diego)	Providing 5 mbbld R99 capacity at truck rack
– Richmond RD (Bay area)	Converting ~60 mbbls storage capacity to RD Providing 15 mbbld blended diesel capacity at truck rack



Investing ~$73 million

Expect majority of Southern CA and Northern CA projects in-service 1Q 2023

Source | Kinder Morgan 04/19/23 presentation

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A&D

Stonepeak completes purchase of 50% of KAPS from Pembina JV

Infrastructure investor Stonepeak closed on its acquisition of a 50% interest in the Key Access Pipeline System, a 348-mile dual NGL and condensate pipeline system that connects the Montney and Duvernay plays in northwest Alberta to energy hubs in Edmonton and Fort Saskatchewan, from Pembina Gas Infrastructure, a 60:40 JV of Pembina Pipeline and KKR. Keyera Corp. will continue to own the remaining 50% of KAPS and operate the asset.

Pembina said PGI was to receive cash proceeds of C$662.5 million ($485.5 million) when the sale agreement was announced last December. That appears to leave the Pembina-KKR JV in the red for KAPS as it was responsible for 50% of the C$2 billion cost to construct the project. Pembina intends to use its proceeds to pay off its C$300 million share of a C$550 million credit facility that PGI took out to complete construction of KAPS, which went into service last year.

Pembina to use sale proceeds to pay off credit facility used to complete KAPS.

The KAPS system, which connects with Keyera's Fort Saskatchewan complex, is anchored by secure, long-term, take-or-pay revenues with a broad customer base that includes meaningful commitments from investment grade counterparties. The system also can expand to include additional pump stations should the Western Canadian Sedimentary Basin require additional capacity.

Stonepeak said it believes that KAPS will provide a competitive transportation alternative while strengthening the economic viability of Western Canadian LNG facilities that are looking to ship to Asia. The New York-based private equity firm also stressed the reduced emissions output of transporting NGLs by pipeline instead of truck.

"Natural gas will remain a key component of the global energy mix for the foreseeable future with critical associated infrastructure that requires thoughtful stewardship to ensure assets are operated in a sustainable manner. This is part and parcel of our approach to investing in the energy sector at Stonepeak," senior managing director Anthony Borreca said.

Enagás Q1 deals show shift to European energy security

Spanish energy company Enagás' 2022-2023 strategic plan focuses on increasing the energy security of Spain and Europe, and in Q1 the company made progress toward that goal. It divested its stake in the Morelos gas pipeline in Mexico, acquired the Reganosa gas pipeline network in Spain and picked up an additional 4% of the Trans Adriatic Pipeline.

Completing a deal initially announced in December 2021, Enagás sold its 50% stake in Gasoducto de Morelos and Morelos O&M, the owners of the Morelos pipeline, to a subsidiary of Macquarie Group for $95 million (€87 million). It had built the 172-km Morelos pipeline in a 50:50 JV with Elecnor, which jointly sold its stake to Macquarie.

In February, Enagás announced that it had paid €54 million for the 130-km Reganosa gas transmission network, an integral component of the Iberian gas market with connections to the Mugardos LNG import terminal and Tui-Llanera gas pipeline in Guitiriz and Abegondo. In conjunction with that deal, Reganosa purchased a 25% stake in the El Musel regasification project in Gijon for €95 million and Enagás took over promotion of the Guitiriz (Lugo) and Zamora hydrogen pipelines. Currently under development, El Musel has LNG storage capacity of 300,000 cubic meters and can accommodate Q-Max vessels of up to 266,000 cubic meters. Once online, the facility will be able to import 8 Bcm per year of gas, or about 775 MMcf/d. As of Enagás' April 25 update, El Musel is in the commissioning phase and 16 companies have submitted bids to provide logistic service for the plant. Commercial commissioning is expected in July.

Lastly, Enagás paid €168 million for 4% of TAP, boosting its stake to 20%. Connecting with the Trans Anatolian Pipeline at the Greek-Turkish border, the 877-km pipeline crosses northern Greece, Albania and the Adriatic Sea before coming ashore in southern Italy to bring up to 10 Bcm per year to the Italian natural gas network. It is being expanded by 11.2 Bcm per year.

Click for More!
Enagás & Naturgy to build 280 MW green hydrogen plant in Spain

Enbridge buys British Columbia's only underground gas storage

Enbridge Inc. entered a definitive agreement May 1 to acquire an indirect subsidiary of St. Johns, Newfoundland-based utility Fortis Inc. that owns a 93.8% stake in the Aitken Creek gas storage facility and 100% of the Aitken Creek North gas storage facility. BP owns the remaining interest in the main facility. The midstream giant will pay C$400 million ($295 million) for Fortis' stake in the facilities, which together form the only underground natural gas storage complex in British Columbia.

Aitken Creek connects to all major long-haul gas pipelines in Western Canada.

Located 120 km northeast of Fort St. John in the heart of the Northeast British Columbia Montney play, the Aitken Creek facilities provide 77 Bcf of working gas capacity. Enbridge EVP and gas transmission and midstream president Cynthia Hansen called Aitken Creek "a well-located and connected facility that will enable us to continue to meet regional energy needs as well as support increasing demand for West Coast LNG exports." An integral part of the natural gas transmission system in Western Canada, Aitken Creek provides the only gas storage connecting to all three major long-haul gas transportation lines in Western Canada, including Enbridge's Westcoast and Alliance pipelines, the company said.

BMO Capital Markets is acting as Enbridge's exclusive financial advisor and Dentons Canada LLP as its exclusive legal advisor on the transaction. Closing is expected this year, pending customary regulatory approvals and closing conditions. FortisBC Holdings Inc., a Vancouver-based holding company of Fortis Inc., acquired the Aitken Creek complex from Chevron for C$349 million in 2016.

Aitken Creek is the third acquisition announced by Enbridge this year. In January, it acquired an additional 10% interest in Gray Oak, a long-haul crude pipeline out of the Permian, from Diamondback Energy subsidiary Rattler Midstream, and in March it said it was buying a 10% stake in Divert Inc., which converts food waste to renewable natural gas, for $80 million.

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May 16-17, 2023 | Virtual

There is robust discussion in industry, government, academia and NGOs regarding the global energy future. One thing is certain, dialog is vital.

Moderated by Texas State Geologist Dr. Scott Tinker, host of the PBS talk show Energy Switch and founder of the Switch Energy Alliance, our panelists will discuss some of the most controversial topics in the global spotlight. The panel will engage in lively discourse around several critical energy and climate questions.

Dr Scott Tinker
Chairman, Switch Energy Alliance

- Do we need to engage in civil dialog and debate?
- What are the merits of mitigating future climate change versus adapting?
- Should we advance energy technologies via the private sector or government mandates and incentives?
- What is the role of oil and gas companies in decarbonization?
- Is there a need for human diversity to solve environmental and energy challenges?
- Is there such a thing as clean energy? Should nuclear play a role?
- What will be required to significantly accelerate solar, wind and batteries?
- Can these issues be addressed if all global citizens are not lifted up economically?

Meet Our Panelists

Register Today

Chris Wright
CEO and Chairman,
Liberty Energy

Julio Friedman
Chief Scientist, Carbon Direct
(formerly in the Obama DOE)

Pipelines & Projects

TC starts up Canada gas expansions & Port Neches Link to Motiva

Having commenced service on C$1.4 billion of projects during Q1, TC Energy says it is on track to bring C$6 billion online this year. The bulk of the Q1 startups were in Canada, where the company completed C$900 million of expansions to its NGTL gas system and C$200 million of expansions to its Foothills gas system, with the latter facilitating increased export capacity connecting to the GTN system. These Canadian projects enabled 700 MMcf/d of incremental market access to in-basin customers. Further expansions are expected to add another 500 MMcf/d in Q3.

Coastal GasLink 87% done; Southeast Gateway to start construction this summer.

Also among the Q1 project startups was Port Neches Link in March. The 3.5-mile, 36-inch crude pipeline, owned by a JV of TC and Saudi Aramco subsidiary Motiva Enterprises, provides last-mile connectivity between TC's Keystone pipeline system and Motiva's 630,000 bbl/d refinery in Port Neches, Texas. The companies launched the project in 1H21 with an estimated cost of $152 million.

TC also made progress on its Coastal GasLink and Southeast Gateway pipeline projects during Q1. Coastal GasLink, which will deliver Montney gas to Canada's West Coast for LNG export, is now 87% complete, compared to 84% reported Feb. 14. The entire pipeline route has been cleared, and 99% has been graded. Welding is 95% complete, and mechanical completion is expected in late 2023. Project costs are still estimated at C$14.5 billion.

The land for the main offshore pipe landfalls and compressor stations has been acquired for the Southeast Gateway Pipeline project, a strategic partnership between TC and Mexico's Comisión Federal de Electricidad. The project has also secured key federal environmental authorizations and local permits.

Onshore construction of compressor stations is expected to commence this summer and installation of offshore pipeline will begin toward year's end. Critical long-lead items and the offshore vessel have been secured, pipe and equipment are being delivered, and 70% of total project costs are under fixed-price contracts.

A&D

Savannah pares back stake in Cameroon transporter for $44.9MM

Africa-focused explorer Savannah Energy, through subsidiary Savannah Midstream Investment Ltd., signed a share purchase agreement with Cameroon's state-run Société Nationale Des Hydrocarbures for the sale of a 10% stake in the Cameroon Oil Transportation Co. for $44.9 million. The sale will reduce Savannah's stake in COTCo to 31.06% from 41.06%. Closing is expected in H2.

NOC buys 10% in Cameroon Oil Transport Co., leaving Savannah with 31.06%.

COTCo owns and operates the 903-km, 250,000 bo/d Cameroon section of the Chad-Cameroon export pipeline, the Kome Kribi 1 floating storage and offloading facility and related infrastructure. The company, which has a monopoly on oil exports from Cameroon to international buyers, averaged 124,000 bo/d of throughput valued at $4.6 billion during 2022 and 128,800 bo/d in Q1 of this year.

U.K.-listed Savannah has operations in Cameroon, Nigeria and Niger and produced 54,900 boe/d during Q1. It acquired its stake in COTCo in December from ExxonMobil in a deal valued at $407 million. That transaction included all of Exxon's Chad and Cameroon holdings and a 40% stake in the Doba oil project, which is comprised of seven fields that produced 28,000 bo/d in 2022.

Furthermore, Savannah had announced an agreement to buy Petronas' upstream and midstream holdings in the two countries in December 2021 in conjunction with the Exxon deal, but the deal was terminated in December 2022 after a number of conditions were not met. Petronas is also a partner in Doba and the Chad-Cameroon export pipeline.

Tellurian gets FERC certificates for Driftwood Line 200 and 300

Tellurian received April 21 certificates of public convenience and necessity from FERC to construct and operate its proposed Line 200 and Line 300 pipelines, which are intended to provide feedgas for the company's Driftwood LNG project. The certificates follow a final environmental impact statement for the pipelines issued by the agency in September.

Driftwood LNG is currently under construction but has not reached FID.

The 36.9-mile Line 200 and 30.8-mile Line 300 would move up to 5.7 Bcf/d through 42-inch pipe from near Ragley, Louisiana, in Beauregard Parish to a receiver facility near Carlyss in Calcasieu Parish, connecting the proposed Driftwood LNG facility to existing infrastructure. Tellurian says the pipelines, which are estimated to cost $1.4 billion, will utilize electric-powered integrated compressor line technology from Baker Hughes that will reduce their emissions profile.

"Tellurian thanks the FERC for their thorough and collaborative review of our Driftwood pipeline project, and we look forward to delivering natural gas in a cleaner and highly reliable way to southwest Louisiana," CEO Octávio Simões said.

Tellurian's Driftwood LNG project is currently under construction but has not reached FID. Earlier this month, the company announced it would sell 800 acres of its Driftwood site for $1 billion and lease back the property under a letter of intent with a New York-based institutional investor. In February, executive chairman Charif Souki said Tellurian was seeking to place $1.5 billion in project bonds or another type of financing to complete construction of the 11 mtpa Phase 1 of Driftwood LNG, as well as raise another $3.2 billion from equity partners.

Click for More!

Tellurian to sell, then lease land underneath Driftwood LNG

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