

LNG

The field layout for Abadi is relatively similar to the Ichthys field.

Tellurian battens down

JULIA MARTINEZ

US liquefaction player Tellurian is cutting costs in preparation for uncertain market conditions, as the company also extended a liquefied natural gas purchase agreement with India's Petronet.

"Given current global financial market conditions and increasing restrictions on travel caused by the onset of coronavirus, we are taking the steps necessary to focus on preserving the value we have created at Tellurian and Driftwood LNG," Tellurian chief executive Meg Gentle said early this week.

Driftwood LNG is the company's planned project on the Calcasieu River, Louisiana, US.

"To this end we will reduce our corporate overhead to approximately \$6 million per month and have initiated discussions with our lender to extend the maturity of our 2019 term loan due in May 2020."

LNG players in the US are battling low spot prices and a global glut, as coronavirus fears are causing companies to restrict travel and battering crude oil prices.

The cost cuts also follow an announcement from Tellurian last week that Petronet had extended negotiations for a supply agreement from the proposed \$29 billion Driftwood LNG export project by two months to 31 May.

"We continue to see very strong growth in LNG demand from Asia in general, and India in particular, in spite of world conditions," Gentle said following the extension to the memorandum of understanding.

"We are highly confident that when travel restrictions are eased, we will be able to finalise several negotiations to complement the Petronet agreement and ...reach (a) final investment decision."

Last week, Gentle also said that she expects to complete its financing for Driftwood LNG in the coming months.

The facility's first construction phase would see the build-out of 16.6 million tonnes per annum of capacity, out of a total of around 28 million tpa.

Tellurian has targeted equity investments of \$500 million per 1 million tpa from Driftwood LNG.

France's Total was Tellurian's first partner in the project, injecting \$700 million in equity investment with \$500 million relating to the purchase of up to 1 million tpa, giving Total a 3.6% stake in the project.

Driftwood could start-up in 2023, but Cowen analysts are sceptical the project will be sanctioned before 2021, jeopardising the 2023 date.

ASIA



Three join in fight for Abadi

Inpex chooses three parties to compete for front-end engineering and design contract for Indonesian LNG project

RUSSELL SEARANCKE
Wellington

INPEX has selected the subsea contractors to compete for one of four major work packages linked to the multi-billion-dollar Abadi liquefied natural gas project in Indonesia.

TechnipFMC, Worley and a consortium between Singgar Mulia and Doris Engineering — the last with the support of Asiatek Energi Mitratama — have successfully pre-qualified to bid for the front-end engineering and design contract for the Abadi offshore gas export pipeline, contracting sources said.

The 150-kilometre, 16-inch subsea gas pipeline will transport dry gas from the offshore field to the onshore LNG facility.

The invitation to tender will be

issued to the three parties in late March.

Chiyoda and Synergy Engineering previously performed the pre-FEED for the gas export pipeline and the subsea umbilicals, risers and flowlines.

Sources said a prequalification exercise will get under way shortly for the SURF component of the project.

The companies that prequalify will then be invited to compete for the SURF FEED contract.

For the gas export pipeline, TechnipFMC and Worley have long track records in Indonesia, so the pairing of Singgar Mulia and Doris did well to be chosen ahead of a number of well-credentialed subsea engineering companies

which missed the cut. Singgar Mulia and Doris have previously carried out subsea FEED scopes and detailed design work in Indonesia, but it was some years ago for Total's projects on the Mahakam block — with Inpex also a joint venture partner in Mahakam.

During Inpex's development of the large Ichthys field in Australia, contracting sources said Doris established a strong relationship with Inpex through a range of worksopes carried out in joint venture with Clough over a nine-year period.

Doris and Clough performed Ichthys engineering works from the end of the pre-FEED stage until project start-up, as well as

integrated project management services to Inpex.

Sources said that Doris is also competing to support Inpex in the next phases of the Ichthys project.

The field layout for the Abadi complex is relatively similar to the Ichthys field.

Water depths at the Abadi fields within the Masela production sharing contract area range from 400 metres to 800 metres.

The subsea architecture of the project will be connected to a giant floating production, storage and off-loading vessel, and the gas export pipeline will connect to a newbuild onshore liquefaction facility.

Bidding lists for the FEED contracts on the FPSO and LNG facility are delayed because Inpex had

10 Tcf

ESTIMATED
GAS reserves
contained in the
Abadi field.

Decisions: Inpex chief executive Takayuki Ueda
Photo: INPEX

Abadi pipeline

to revise certain pre-qualification requirements, said sources.

Contracting sources said previously that at least two bidding groups will be selected for the FPSO and LNG plant to compete in front-end engineering and design contests.

Some of the world's largest oil-field services companies have long-established footprints in Indonesia through their locally-registered subsidiaries, including Saipem, McDermott International, JGC, KBR and Fluor.

In addition, there are well-known domestic construction outfits including ReKayasa Industri, Singgar Mulia, Gunanusa, Bakrie, VME, Pal and Utraco that could compete for work. The Abadi

FPSO is envisaged as being able to handle 1.8 billion cubic feet per day of gas and have the capacity to process 36,000 barrels per day of condensate.

As for the LNG plant, the two-train facility will be designed to produce 9.5 million tonnes per annum of LNG.

Pre-FEED work for the liquefaction plant was performed last year by KBR, while TechnipFMC carried out pre-FEED studies on the FPSO.

Inpex — headed by chief executive Takayuki Ueda — is working toward a start-up schedule in the latter half of the 2020s.

The Abadi field contains estimated reserves of at least 10 trillion cubic feet of gas.

ConocoPhillips hands out Barossa subsea contracts

JOSH LEWIS

CONOCOPHILLIPS has handed out three major contracts for the Barossa gas and condensate development off northern Australia, which will provide feedstock gas to the Darwin liquefied natural gas facility.

Confirmation of the awards ensures the Barossa project remains on track despite the US giant's impending exit.

ConocoPhillips confirmed on this week that Subsea 7 had been awarded a contract covering the transport and installation of all the subsea umbilicals, risers and flowlines infrastructure, while the UK-based company will also supply the infield flowlines.

While Subsea 7 did not give a specific contract value in its own confirmation of the award, it labelled it a "large contract", which it uses to denote contracts worth between US\$300 million and US\$500 million.

Offshore work is scheduled to take place over 2022 and 2023, and will utilise the company's reel-lay and heavy construction vessels. ConocoPhillips also

handed Norway's Aker Solutions the contract to supply the umbilicals, while the Danish subsidiary of US contractor National Oilwell Varco will supply the flexible risers for the project.

It comes after the US operator already handed out the major contract from the field's floating production, storage and offloading vessel to Japanese player Modec last year, while TechnipFMC has been awarded the contract for the subsea production system and Allseas Marine Contractors is laying the project's export pipeline.

A final investment decision on the project was recently pushed back from the current quarter until the second quarter of the year as ConocoPhillips wraps up the US\$1.39 billion sale of its northern Australia and Timor-Leste assets to Australian company Santos.

First gas is anticipated in 2024. Santos chief executive Kevin Gallagher confirmed this week the award of the SURF contracts ensured the project remained on schedule, with the award of the drilling contract for the produc-

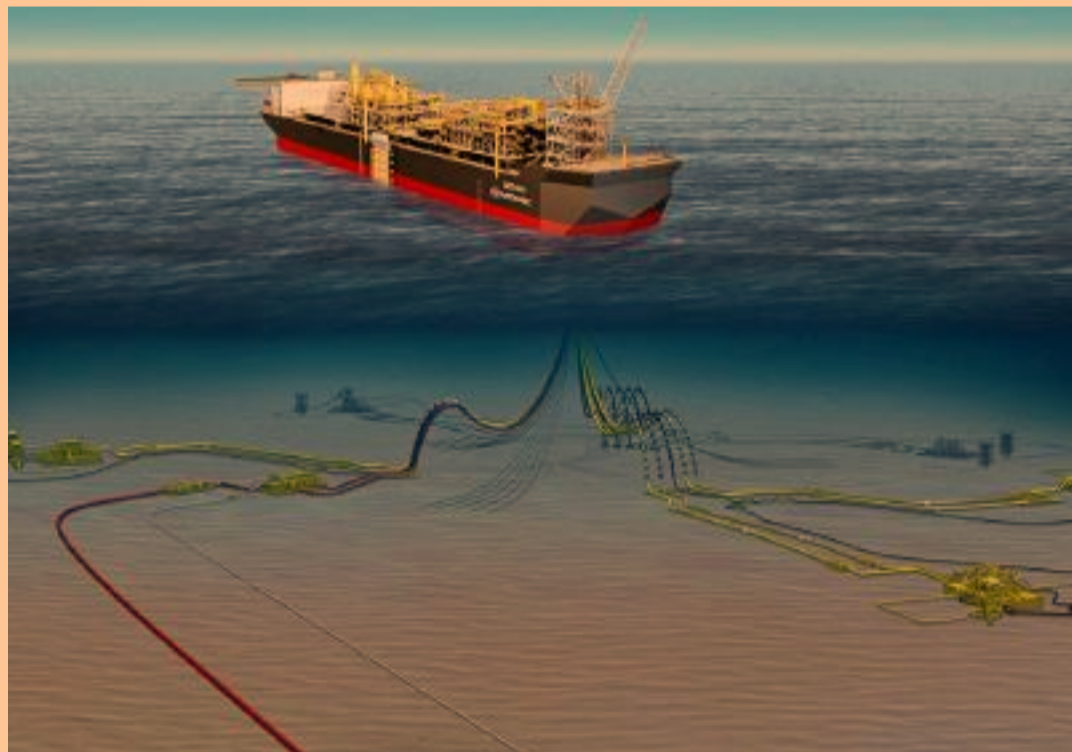
tion wells the only major contract still outstanding, but that is expected to be handed out "in the near future".

The Barossa offshore development includes the FPSO, subsea wells, subsea production system and a 260-kilometre gas export pipeline to a tie-in location on the existing Bayu-Darwin pipeline, which feeds the onshore Darwin LNG facility in the Northern Territory.

ConocoPhillips currently holds a 37.5% operated interest in Barossa, with Santos holding a 25% interest and South Korea's SK E&S holding the remaining 37.5% equity.

ConocoPhillips also operates Darwin LNG with a 56.9% interest, while Santos currently holds 11.5% and Japanese companies Inpex, Jera and Tokyo Gas hold an 11.4%, 6.13% and 3.07% interest, respectively.

Following the completion of the sale of ConocoPhillips' assets to Santos, and the Australian company's planned sell-down to SK E&S, Santos will hold a 43.4% stake in Barossa and a 62.5% share in Darwin LNG.



Closing in on FID: the last major facility contracts have been awarded for the Barossa development off Northern Australia

Foto: MODEC

Singapore swoop on Aussie LNG player

AUSTRALIA'S Liquefied Natural Gas Limited (LNGL) is to be acquired in an all-cash takeover by Singapore-based private company LNG9.

LNGL, which is the proponent behind the Magnolia LNG and Bear Head LNG projects in the US, said this week its shareholders will receive US\$0.13 in cash per share, valuing the share capital of LNGL at US\$75 million.

The directors of LNGL will unanimously recommend that shareholders accept the offer in

the absence of a superior proposal being received.

LNGL said it has evaluated many potential corporate and asset transactions over the past year to provide liquidity and value for shareholders.

"LNG industry competition remains intense, current LNG markets are oversupplied, and future increases in share value are not guaranteed, particularly in the short to medium term.

"While LNGL is excited by the LNG supply opportunity in Viet-

nam initially announced on 16 September 2019, and the expectation that the memorandum of understanding will become binding, we cannot assure additional binding offtake contracts necessary to support a final investment decision and financial close given current LNG market conditions," said LNGL.

It described LNG9 as being part of an end-to-end LNG solution value chain, with plans to deliver LNG to regasification facilities into Asian and European markets.