

LNG INTELLIGENCE



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PNG LNG Close to Signing Medium-Term Deals

The Papua New Guinea (PNG) LNG project is in talks with buyers to sign medium-term agreements for around 1.3 million tons per year of supplies – and expects to finalize terms by this June, an executive from project partner Oil Search said. But another stakeholder said the offtakers have already been chosen.

The PNG LNG consortium has shortlisted several potential buyers for the volumes, and hopes to sign binding agreements by first-half 2018, said Ian Munro, the gas and marketing manager for project partner Oil Search, at the LNGA conference organized by Conference Connection in Singapore Wednesday. The companies comprise portfolio players, trading houses and traditional consumer buyers, Munro said.

But another plant stakeholder said PNG LNG has already concluded the tender and decided on three buyers for the supplies, and first shipments could begin as early as this April. These buyers comprise a portfolio major and two Northeast Asian national oil companies, which would take 400,000 tons/yr each. However, an earthquake that hit the country earlier this week and caused a closure of the PNG LNG plant could defer first shipments, he added.

The PNG LNG consortium, which markets all supplies from the plant, is led by Exxon Mobil. Other partners include PNG-focused Oil Search, Australia's Santos, PNG's state-owned Kumul Petroleum and Japan's JX Nippon.

PNG LNG has been looking to sell some 1.3 million tons/yr of supplies through medium-term contracts that last up to five years. The plant has nameplate capacity of 6.9 million tons/yr, but has been producing at around 20%, or some 1.4 million tons/yr, above that level on average since mid-2015 ([LNGI Aug.23'17](#)).

The PNG LNG plant has been fully shut since Monday, after a 7.5-magnitude earthquake hit the region. Exxon Mobil and project partners including Oil Search have been assessing damage to the facilities, and are also reviewing potential safety threats arising from the disaster. Market participants, including term offtakers, expect the plant to shut for around 7-10 days ([LNGI Feb.28'18](#)).

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