

LNG WORLD MARKET UPDATE

December 8, 2016

LNG expansion may have economic advantages over new plants, even in Papua New Guinea; Asian spot prices continue to rise, impacted by cold weather and OPEC's announcement to reduce output; Mozambique offers concessions to Anadarko and Eni to improve projects' viability; and Canadian project Aurora LNG faces stakeholder resistance. This weekly news blast is intended to provide relevant industry information to Alaskan stakeholders and inform audiences of the competitive landscape in the global LNG market. Subscription options for this report are available at the bottom of this email. Please contact AGDC External Affairs at externalaffairs@agdc.us with questions.

Natural Gas

HH Spot Price
\$3.44 (\$/MMBtu)
December 7 close

Weekly Change
↑ \$0.48 (16.2%)



Source: EIA

LNG Import Price

Japan
\$7.15 (\$/MMBtu)
November 2016



Source: World Bank

In Papua New Guinea, Producers Look to Reduce Costs through Expansion

(Bloomberg; Dec 7) - In a country that offers producers some of the cheapest natural gas in the world, Total SA-led Papua LNG project may explore the economics of exporting gas via Exxon Mobil Corp's existing PNG LNG facility, in order to avoid the expense of building a new plant. The PNG government will hold talks with resource owners about the best method of commercializing its natural gas resources, recognizing the need to maintain a competitive edge to ensure the project goes forward.

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Asian Spot Prices for LNG Rose to Their Highest Levels Since July 2015

(Reuters; Dec 8) - Lifted by colder weather and a deal by OPEC and Russia to cut crude oil output, spot prices for Asian LNG rose by 50 cents from last week to around \$8.10 per million British thermal units (mmBtu). Wood Mackenzie said every \$1 per barrel increase in Brent would bring a \$0.07-\$0.15/mmBtu increase in contract LNG prices indexed to oil, impacting a majority of LNG consumers as some 80 percent of contracted supply is linked to Brent.

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Mozambique Relinquishes Right to Receive its Gas in Kind from LNG Projects

(Reuters and Interfax Global Energy; Dec 7) - Mozambique's cabinet has approved changes to LNG contracts to allow U.S. oil major Anadarko and Italy's Eni to sell the government's share of gas from projects in the Rovuma Basin in an effort to obtain financing. Anadarko has signed HOAs with Asian buyers and is seeking new buyers in emerging markets; Eni has a binding sales-and-purchase agreement to BP. Both companies are expected to make a final investment decision on their respective projects within the next year. [Read more](#)

Aurora LNG Faces Cool Reception from Local Stakeholders

(The Northern View; Dec 7) - Aurora LNG, led by China's CNOOC Ltd.'s Canadian branch Nexen Energy, would pipe liquefied natural gas from northeast B.C. to a marine export terminal on Digby Island. Several members of the North Coast Regional District have criticized Aurora LNG, citing economic and environmental concerns. If built, the project would ship up to 24 million tonnes of LNG a year to Asia starting in the early 2020s. [Read more](#)