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Midstream Pulse

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LNG GHG footprint 33% worse than coal, per study backing pause

A new Cornell study published Oct. 3 in Energy Science & Engineering claims the lifecycle greenhouse gas footprint of LNG is 33% worse than burning coal when factoring in and calculating methane emissions over a 20-year global warming potential equivalency to CO2. Even when considering a 100-year timeframe, LNG emissions were found to be equal to or greater than coal depending on the destination, according to the long-awaited analysis. The study's preprint played into the Biden administration's decision in January to pause LNG export approvals by the Department of Energy to countries without U.S. free trade agreements.

"Almost all the methane emissions occur upstream when you're extracting the shale gas and liquefying it. This is all magnified just to get the liquefied natural gas to market," said Robert Howarth, author of the peer-reviewed study and fellow at the Cornell Atkinson Center for Sustainability. "So liquefied natural gas will always have a bigger climate footprint than the natural gas, no matter what the assumptions of being a bridge fuel are. It still ends up substantially worse than coal." The analysis, disputed by the American Petroleum Institute and others, found CO2 from end-use LNG combustion contributes only 34% of its climate warming impact. **Read more on PG.5**

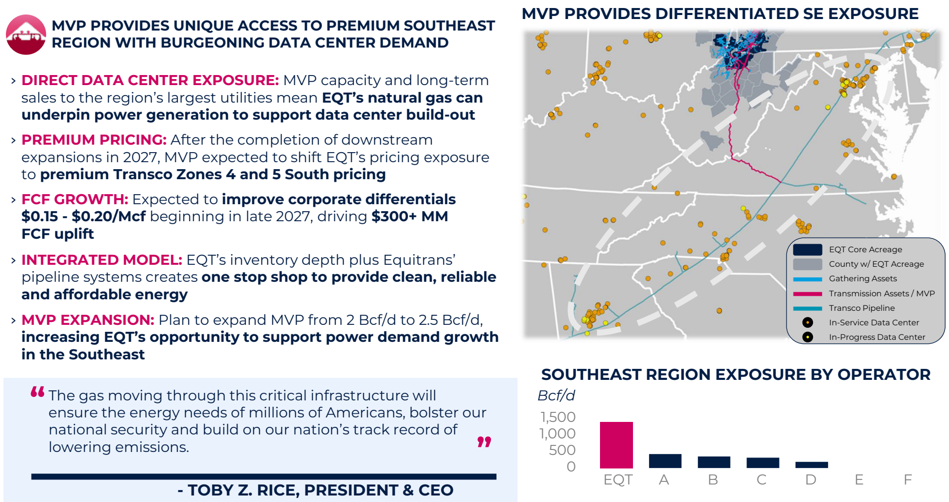
EQT reportedly talking $3.5B sale of pipeline stakes to Blackstone

EQT Corp. is in advanced discussions to sell minority stakes in its interstate natural gas pipelines for around $3.5 billion to private equity firm Blackstone, according to a Reuters story citing unnamed sources. Such a sale would help the Appalachian gas producer reduce some of the $6.05 billion in long-term debt it assumed in its all-stock reacquisition of Equitrans Midstream, which had an enterprise value of $11.7 billion.

EQT would continue to operate its interstate pipelines, which as of a March presentation stretched 940 miles with 4.4 Bcf/d of capacity, 135,000 hp of compression and 43 Bcf of storage. In July, the Equitrans closing brought EQT a 49% stake in the Mountain Valley pipeline, which can move 2.0 Bcf/d from West Virginia's Marcellus and Utica shales over 300 miles to southern Virginia. Equitrans also brought over to EQT 1,220 miles of gas gathering pipelines and 200 miles of water pipelines, which would appear to be outside the proposed Blackstone deal.

Equitrans was formerly EQT Midstream Partners, a midstream MLP of EQT. To focus on Appalachia gas production, EQT spun off the MLP in 2018 to raise cash after its $8.2 billion acquisition of Rice Energy. **Read more on PG.8**

EQT Most Exposed to Premium SE Region With MVP In-Service



Source | EQT Corp. 10/29/24 presentation via Enverus docFinder

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LNG

Centrica & Vitol sign long-term 100 MMcf/d deals with Coterra

Houston-based E&P firm Coterra Energy entered sales and purchase agreements to supply global energy trader Vitol with 100 MMcf/d for 11 years starting in 2027 and U.K.-based Centrica Energy with 100 MMcf/d for 10 years starting in 2028. The SPAs expose the equivalent of 7% of Coterra's expected 2024 output to international pricing indices, connecting them to prices more reflective of global LNG demand than U.S. supply.

"These agreements represent almost two years of work by our marketing team to survey the LNG landscape and find deals that best enhance our portfolio," Coterra operations SVP Blake Sirgo said on a Nov. 1 earnings call. "This is another step for Coterra as we continue to leverage our multi-basin gas portfolio to maximize premium pricing and diversify our future revenues."

50 MMcf/d to come from Marcellus, 50 from Anadarko, 100 from Permian.

Coterra intends to send Centrica 50 MMcf/d from the Marcellus Shale and 50 MMcf/d from the Anadarko Basin through two separate SPAs, while Vitol's gas will come from the Permian Basin. The Marcellus shipments will be tied to the Netherlands' TTF benchmark, the Anadarko gas to the U.K.'s NBP and the Permian gas to JKM, the benchmark for Japan and South Korea.

The SPAs have no FID risk, Sirgo said, as Centrica and Vitol have offtake agreements with LNG facilities in Louisiana that are already operating. Centrica and Vitol would each get about 0.7 mtpa of LNG from their shares of Coterra's feedgas.

Centrica, which announced its SPAs Oct. 30, said the volume supplied is enough to heat 400,000 homes per year in Great Britain. The utility also expects to benefit from the agreements' connection to TTF and NBP, which would reduce the market risk to its LNG portfolio by purchasing gas on the same price indices the LNG is subsequently sold under. In his company's Oct. 30 announcement, Vitol Americas head Ben Marshall said the SPA "highlights Vitol's ability to provide innovative gas and LNG solutions."

The Centrica and Vitol SPAs complement Coterra's agreement to send 350 MMcf/d for 20 years to Pacific Summit Energy. The gas has been liquified and exported through the Cove Point LNG terminal in Maryland since 2018. Tied to Nymex prices, the SPA was signed in 2013 by Cabot Oil & Gas, which merged with Cimarex Energy in 2021 to create Coterra.

Click for More!

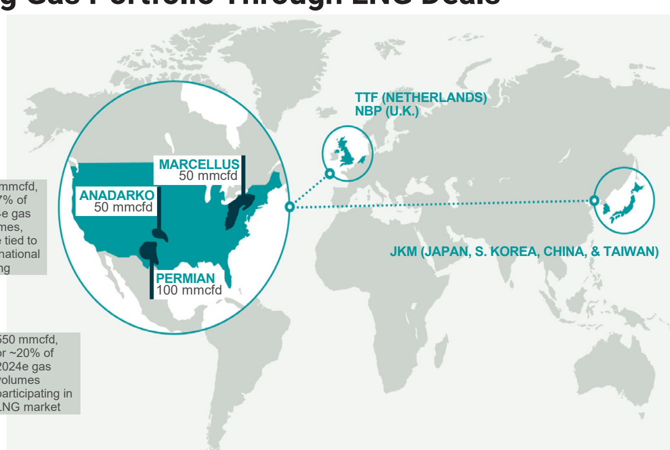
Weak fall gas prices keep Coterra and Chesapeake volumes shut in

Coterra Diversifying Gas Portfolio Through LNG Deals

Contracted LNG Volumes	Production From	Pricing Index
50 mmcfd	Marcellus	TTF
2028 – 2038 LNG terminal in Louisiana Counterparty is Centrica, utility in U.K. & Ireland		
50 mmcfd	Anadarko	NBP
2028 – 2038 LNG terminal in Louisiana Counterparty is Centrica, utility in U.K. & Ireland		
100 mmcfd	Permian	JKM
2027 – 2038 LNG terminal in Louisiana Counterparty is Vitol		
350 mmcfd	Marcellus	NYMEX
2018 – 2038 (existing LNG contract) Cove Point LNG Terminal in Maryland Counterparty is Pacific Summit Energy, serves Japanese power gen customers		

200 mmcfd, or ~7% of 2024e gas volumes, to be tied to international pricing

550 mmcfd, or ~20% of 2024e gas volumes participating in LNG market



Source | Coterra Energy 11/01/24 presentation via Enverus docFinder

FERC extends Golden Pass LNG deadline from 2026 to 2029

ExxonMobil and QatarEnergy received three more years to bring the 18 mtpa Golden Pass LNG project in Sabine Pass, Texas, into service as FERC granted their request for a second extension. Their JV company, Golden Pass LNG Terminal LLC, now has until Nov. 30, 2029, to start up all three liquefaction trains and the 2.5 Bcf/d Golden Pass pipeline.

In its application filed in August, the JV cited lead EPC contractor Zachry Industrial's bankruptcy, remaining schedule uncertainties in transitioning to new lead contractor CB&I and other possible delays outside its control, such as hurricanes, as reasons it would be unable to complete the project by the end of November 2026. Golden Pass LNG was originally authorized in 2016 with a 2021 in-service date but was granted five more years in its first extension.

Golden Pass was originally authorized in 2016 with a 2021 in-service date.

Entering 2024, the JV partners expected to get Train 1 in service around year's end. Those hopes were dashed when Zachry filed for Chapter 11 bankruptcy protection in May, seeking a "structured exit" from the project as EPC costs exceeded the $9.25 billion contract.

As of August, construction of the three-train LNG export project was 80% complete: 83% on Train 1, 46% on Train 2 and 31% on Train 3. On an Aug. 2 earnings call, Exxon CEO Darren Woods said the project's initial production would be postponed to 2H25. QatarEnergy owns 70% of the Golden Pass LNG JV and Exxon the remaining 30%.

Thank you!

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