

## News : Global LNG demand growth drives investment, enthusiasm in US energy sector

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- Opportunities for upstream, midstream, liquefaction players
- More than 30 million mt/y of firm long-term contracts in 2022

US oil and natural gas executives have linked their companies' growth opportunities to surging exports of liquefied natural gas and a rush of commercial activity supporting new multibillion-dollar LNG projects.

Representatives of the oil and gas sector touted their exposure to US LNG during the most recent earnings reporting season. LNG companies outlined the increasing commercial momentum in support of their export projects. Pipeline firms and gas producers described ambitions to develop the associated infrastructure to connect US shale gas to energy-thirsty markets abroad. And some of the giant integrated oil and gas companies detailed efforts to expand their LNG portfolios amid rising security-of-supply concerns following Russia's invasion of Ukraine in late February.

S&P Global Commodity Insights compiled comments by executives on these issues.

### LNG developers line up deals for expansions

So far, two new US LNG projects have advanced to construction in 2022: an expansion of Cheniere Energy's Corpus Christi LNG terminal in Texas, which will add roughly 10 million mt/year of LNG production capacity, and privately held Venture Global LNG's 20 million mt/year Plaquemines LNG facility in Louisiana. But sector experts widely anticipate that additional US LNG projects will be commercially sanctioned in the remaining months of 2022 and into 2023.

Cheniere told investors Aug. 4 the company is already eyeing further expansions of its LNG terminals, which include its flagship Sabine Pass LNG plant in Louisiana in addition to the Corpus Christi terminal.

"You can be certain we're pursuing growth at both facilities," Cheniere President and CEO Jack Fusco said, outlining "early stage development of over 30 million mt/year between those two sites."

US developers have signed more than 30 million mt/year worth of firm long-term contracts in 2022 and preliminary deals covering more than 20 million mt/year.

"We continue to see great interest from European buyers, and volumes are coalescing around projects that have the greatest probability of advancing," Justin Bird, CEO of Sempra's infrastructure unit, said Aug. 4. Sempra has signed a series of preliminary deals supporting its growth projects.

The robust dealmaking in 2022 has shown that securing the long-term contracts needed to back financing for LNG export facilities is less of an obstacle than it was in recent years, according to Anatol Feygin, Cheniere's executive vice president and chief commercial officer. Instead, lining up gas supplies and securing construction contracts that support project economics are increasingly important factors in determining which LNG projects get built, Feygin said.

"The constraints are very different today," Feygin said. "Those boxes are getting more difficult to check."

Energy Transfer executives said the company's plans to commercially sanction its Lake Charles LNG project in Texas in 2022 remain on track. But executives also described their expectations of "a little bit higher" construction costs as the company updates its engineering, procurement, and construction pricing assessment.

### Majors pursue US supplies

Some of the big integrated oil and gas companies that have shown an interest in gaining US LNG supplies took steps toward securing them.

Chevron executives earlier in 2022 expressed a desire to grow in the Atlantic Basin, where it operates an LNG facility in Angola. Chevron followed through by signing agreements to export some 4 million mt/year from the Gulf Coast, telling investors that the company would consider supply contracting and facility investments as it looks to access foreign markets for its North American gas production.

"In terms of our focus on ownership versus commercial, we are really pretty agnostic," Chevron Executive Vice President of Upstream James Johnson said. "We're looking for multiple points of [LNG] supply."

Fellow integrated oil and gas giant ConocoPhillips moved to grow its LNG business through a preliminary agreement to jointly develop Sempra's Port Arthur project and to negotiate a 5 million mt/year offtake deal.

ExxonMobil said it also plans to grow its LNG business. Like ConocoPhillips, the oil and gas titan was awarded a stake in a massive LNG expansion in Qatar in June. Exxon is also building the 18.1-million mt/y Golden Pass LNG Terminal in Texas with Qatar, and executives said the facility remains on schedule to start operations in 2024. Exxon Chairman, President and CEO Darren Woods described the production of more LNG to help offset Russian gas in Europe as a "critical step forward" and important for diversifying the region's energy supplies.

"We are looking at projects to expand our LNG import facilities, and of course, we are bringing LNG [export] projects online," Woods said.

### Midstream executives eye pipeline growth

Pipeline giant Kinder Morgan, which transports about half the gas delivered to US LNG export terminals, said it expects to maintain that level of market share as US LNG facility demand grows by up to 15 Bcf/d by 2028. Kinder Morgan owns the 2.5 million mt/year Elba Island LNG terminal in Georgia, which is the smallest of the major US export facilities. But the company expected increasing demand for new LNG capacity to drive investment in other midstream infrastructure, including pipeline expansions and new projects.

"The macro opportunity here is incredible," Executive Chairman Richard Kinder said on a call. "That is an incredible increase in throughput, a lot of which is attributable to the present system that we have in place along the Texas and Louisiana Gulf Coast. It's an incredible green shoot for Kinder Morgan."

Enbridge President and CEO Al **Monaco** offered a similar outlook for his company, which accounts for about 20% of **feedgas** deliveries. "First, **North American LNG** exports are expected to increase to 30 Bcf per day, and everyone knows the reasons behind that," **Monaco** said. "Our assets are critical to making that happen with last-mile connectivity."

TC Energy executives said their forecast showed **North American LNG** exports growing from about 13 Bcf/d to 25 Bcf/d by 2030. "**We** are safely and reliably connecting about 25% of the volumes destined for **US LNG** exports, and are well-positioned to compete for and win our fair share of this growing market," President and CEO Francois Poirier said July 28.

## Upstream producers compete to supply exporters

Drillers have described an intensifying competition to supply **gas** to export terminals along the **Gulf Coast** .

Executives at **EQT** , America's largest **gas** producer by volume, said the company is looking to lock in additional firm transportation to supply **US LNG** terminals at a time when strong **feedgas** demand is making the **Gulf Coast** a sellers' market for producers. **EQT** CFO David Khani said the company has an opportunity to lock in contracts with "three or four different facilities." Executives also described plans to explore buying stakes in **LNG** export terminals to more directly contract with overseas buyers.

"**We** continue to have discussions with **LNG** end-users across various geographies," **EQT** President and CEO Toby Rice told investors. "Our firm transportation portfolio delivers approximately 1 Bcf per day of production to the **Gulf Coast** , and **we** are looking at various paths to unlock **LNG** opportunities along the East Coast."

**EQT** leaders pointed to a shift in global sentiment toward **natural gas** as they pegged their production growth on the global **LNG** market. Khani predicted that "70% of incremental **US LNG** export growth will ultimately need to come from **Appalachia** ."

**Antero Resources** executives said their company is also looking to grow sales to **LNG** terminals as export facilities come online. Antero already sells about 75% of its **gas** production, or 2.3 Bcf/d, to the **US Gulf Coast** and to the **Cove Point LNG** export terminal in **Maryland** .

"As off-take increases at those second-wave projects, [Antero is] continuing to have discussions with multiple potential international buyers," said Senior Vice President for **Gas** Marketing and Transportation Justin Fowler.

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