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## **[1]International**

Spanish utility Naturgy saw net income for H1'23 increase 88% on the previous year [2] to EUR 1.05 billion (USD 1.16 billion) in part thanks to higher margins from its combined-cycle gas turbine (CCGT) power plants as gas prices for the period were lower than in 2022. At the same time, power and gas demand in Spain decreased on average by 6.9% and 12.5% compared with H1'22, on the back of macroeconomic uncertainty and a mild winter, the company said last week.

Norway's Equinor reported a 57% year-on-year decline in its Q2'23 earnings [3], which totalled USD 7.54 billion, the company said last Wednesday. The earnings drop comes as energy prices declined from the extraordinary levels recorded in the previous year. Equinor's net income plummeted by 73% year on year to USD 1.83 billion in the second quarter. Cash flows generated from operating activities also witnessed a steep fall, decreasing by 78% to USD 1.86 billion.

Also reporting its earnings last week, TotalEnergies experienced a 49% year-on-year fall in adjusted net income to USD 5 billion [4] in the second quarter of 2023. Meanwhile, the company is expected to bring more clarity on the suspended Mozambique LNG project later this year, CEO Patrick Pouyanné said in an earnings call. The firm's debt-adjusted cash flow from operations declined by 37% year-on-year to USD 8.6 billion in the same period.

Edison said last Wednesday it closed the first half of 2023 with a 7% drop in net profit year-on-year [5], in part due to the negative impact of delayed LNG deliveries from Venture Global's 10 mtpa Calcasieu Pass

LNG export project, from which the Italian utility offtakes 1 mtpa. Edison also confirmed it initiated arbitration proceedings against Venture Global in May, joining Spain's Repsol in challenging the delays related to the commissioning of the plant. EBITDA rose over 33% year-on-year to EUR 829 million (USD 918.4 million), boosted by sales in the Gas & Power business.

Similarly, Shell's adjusted earnings shrunk by 56% in Q2'23 compared with the previous year [6] and fell short of analysts' expectations of USD 5.6 billion, following significantly lower energy prices and lower margins. The company also expects its production in integrated gas, upstream and liquefaction to shrink in Q3'23 as a result of plant maintenance. Shell said it delivered adjusted earnings of USD 5.1 billion in the quarter, down from the USD 11.5 billion achieved the year prior.

Both ExxonMobil and Chevron last week reported a plunge in Q2 earnings compared with the same period last year on the back of weaker commodity prices [7]. Running parallel, ExxonMobil is seeking to leverage the capabilities of Denbury – a firm it recently acquired – to capitalise on carbon capture, storage and sequestration in hard-to-abate industries like steel, rather than in enhanced oil recovery (EOR), CEO Darren Woods told analysts during the firm's earnings call.

Italy's Eni last Friday reported adjusted profit before tax of EUR 3.7 billion (USD 4.1 billion) for Q2'23 [8], 41% lower year-on-year, however the earnings were supported by an upbeat performance in the firm's gas and LNG business (GGP). Eni also said that it is considering a sale of a minority stake in its renewable and retail business Eni Plenitude, for which an IPO was postponed last year due to adverse market conditions.

Elsewhere, BP and Austria's OMV last Friday announced they had signed a long-term sale and purchase agreement (SPA) for 1 mtpa of LNG deliveries [9] over 10 years, starting in 2026. Securing non-Russian supplies has been part of OMV's diversification strategy since March due to the uncertainties linked to contractual deliveries from Gazprom. Under the terms of the SPA, BP will provide OMV with LNG from its global portfolio, which will be regasified through the Gate LNG terminal in Rotterdam in the Netherlands.

## South Asia

**Pakistan** – Pakistan LNG Limited (PLL) and SOCAR, Azerbaijan's state oil company, have signed a framework agreement on LNG deliveries to Pakistan [10], PLL confirmed last Monday. The signing of the agreement comes shortly after PLL received two bids from commodity trader Trafigura in its latest tender for spot LNG cargoes. The agreement with SOCAR is for one LNG cargo per month for one year with the possibility of a one-year extension, PLL said in a statement on Twitter.

## Asia Pacific

**Indonesia** – Shell has agreed to sell its 35% interest in Indonesia's Masela Production Sharing Contract [11] (PSC) – which includes the Inpex-operated Abadi LNG project – to Indonesia's PT Pertamina Hulu Energi (PHE) and Malaysia's Petronas. Running parallel, Eni said it had acquired Chevron's assets in the Indonesia Deepwater Development (IDD), thus strengthening its foothold in the country after it bought Neptune Energy in a USD 4.9 billion deal earlier this summer.

South Korean steelmaker POSCO said last Tuesday it has signed a Production Sharing Contract (PSC) for the Bunga gas block [12] with the Indonesian government and state-run oil company Pertamina Hulu Energi (PHE). The announcement comes amid a recent flurry of deals in relation to Indonesia's gas sector with Shell selling its 35% interest in the Masela project and Eni acquiring Chevron's deepwater

assets in the country. Under the contract, POSCO is guaranteed a basic six-year exploration period and a 30-year development and production period.

## North America

**US** – TC Energy announced last Monday that it has agreed to sell a 40% interest in Columbia Gas Transmission and Columbia Gulf Transmission [13] to New York-based Global Infrastructure Partners (GIP). The total proceeds from the transaction are expected to be CAD 5.2 billion (USD 3.9 billion) in cash which will help TC Energy deleverage and fund other infrastructure projects such as the Coastal GasLink. Columbia Gas and Columbia Gulf will be held in a new joint venture partnership with GIP.

## Central & South America

**Venezuela** – Petróleos de Venezuela (PDVSA), the state-run oil and gas firm, signalled last week that Eni and Repsol could take part in a USD 1.5 billion plan to curtail methane emissions in Venezuela [14] by capturing flared gas. The gas could potentially be transported to Trinidad for liquefaction and then exported to Europe. PDVSA did not make an official announcement, but shared an article from the Venezuelan news portal, AlbertoNews.

## Europe

**Bulgaria** – Bulgaria's Parliament has approved a decision enabling Bulgarian Energy Holding (BEH) to negotiate the purchase of a stake in a private Black Sea oil and gas exploration consortium [15] established by France's TotalEnergies and Austria's OMV. The decision could pave the way for BEH to purchase a stake of up to 20% in the consortium which has identified several prospective gas fields in the Han Asparuh block in offshore Black Sea.

**Germany** – Germany has updated its hydrogen strategy from 2020 [16], with the revised strategy including a doubling of the domestic electrolyser installation target to 10 GW by 2030. The strategy foresees that a hydrogen start-up network with more than 1,800 km of repurposed gas pipelines and newly built hydrogen lines will be set up in Germany by 2027/2028 with the help of EU-funding. Germany's updated hydrogen strategy, released by the ministry of economic affairs and climate protection last week, assumes total hydrogen demand of 95-130 TWh in 2030.

## Mediterranean

**Israel** – Israel continues to push for regional dominance in gas production [17] with its latest exploration tender offering 20 additional offshore natural gas blocks. With newcomers a priority, the country will try to balance supply to domestic and regional markets with surplus exports to Europe. Earlier this month, Israel's energy ministry said that four consortiums have submitted bids to participate in the country's fourth bidding round. The consortiums were made up of nine companies, submitting six proposals to obtain licenses for exploration offshore Israel.

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