

LNG



A balancing act as seven ships arrive

Co-ordinating ship deliveries with its project start-up remains a moving target for Tangguh.

Lucy Hine Okpo, South Korea

Seven more LNG carriers are about to join the world fleet as the project they were built for — the BP-led Tangguh LNG in Indone-

sia — rumbles toward start-up. But tying the clutch of ship deliveries to project cargoes is proving something of a moving target. What is becoming the customary multiple-ship round of naming ceremonies kicked off in South Korea last week at Samsung Heavy Industries when K Line and its Indonesian partner, PT Meratus Line, named three units under the watchful eye of project operator BP and Indonesian regulatory and government officials.

Vessel	Cbm	Yard	Owner
Tangguh Foja	155,000	Samsung	K Line/PT Meratus
Tangguh Jaya	155,000	Samsung	K Line/PT Meratus
Tangguh Palung	155,000	Samsung	K Line/PT Meratus
Tangguh Towuti	145,700	Daewoo	NYK/Samudera/Sovcomflot
Tangguh Batur	145,700	Daewoo	NYK/Sovcomflot
Tangguh Hiri	155,000	Hyundai	Teekay
Tangguh Sago	155,000	Hyundai Samho	Teekay

The show then moved on to Daewoo Shipbuilding & Marine Engineering Co, where the Japanese-Russian joint venture of NYK and Sovcomflot did the

honours on their two ships. Indonesia's Samudera Shipping Line also joined the party, taking its first steps into the LNG sector with a 25% stake in the

Four flags raised in South Korea to

There was a deal of flags and national anthems to get through at Daewoo Shipbuilding & Marine Engineering last week because of the number of shipowners and other parties involved in the naming of two Tangguh LNG carriers. The Indonesian flag — not a regular, it has to be said, at South Korea's big three shipyards — was being hastily unfurled and raised alongside the Russian and Japanese colours of the other two owners and the South Korean flag



Daewoo president and chief executive ST Nam and Sovcomflot president and chief executive Sergey Frank

for the yard. These are the first fresh clutch of new LNG ships long-term producer Indonesia has taken a role in for many years, reflecting the turnout of high-profile names from the country. Representatives from shareholders in the Tangguh project were also present along with the bosses of the owning companies — NYK president Koji Miyahara, Sovcomflot chief Sergey Frank and Samudera Shipping executive director Dhrubajyoti Das.



Samudera Shipping executive director Dhrubajyoti Das

KEY FIGURES — LNG FLEET BY TYPE		
Ships:	280 delivered	96 on order Total: 376
FSRUs:	1 delivered	1 on order Total: 2
FPSOs:	0 delivered	4 on order Total: 4
RVs:	4 delivered	6 on order Total: 10
Total:	285 delivered	107 on order 392

GAS PRICES	
HENRY HUB: \$6.32 mmBtu	
ZEEBRUGGE: 51.02 Gbp/therm	

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THE "TANGGUH TOWUTI": Guests take a walking tour around the newbuilding at the Daewoo Shipbuilding & Marine Engineering yard in Okpo, South Korea.



Lady sponsor Rosita Susilayanti smashes a bottle against the hull of the "Tangguh Towuti"



Galina Tokareva brings down the axe at the naming of the "Tangguh Batur" with Daewoo president ST Nam



Svetlana Frank sounds the horn of the "Tangguh Towuti" with Daewoo president and chief ST Nam



The master of the "Tangguh Towuti", Jurica Fabijanic, who is employed by NYK LNG Shipmanagement



Sergey Frank of Sovcomflot and his wife, Svetlana

projects, the first export cargoes have now slipped into 2009. BP's most recent line has consistently been that the initial cargoes will appear in the first quarter of next year. At the post-naming dinner of the *Tangguh Towuti* and *Tangguh Batur*, company officials, while fighting shy of any form of media coverage, were sticking to their script detailing that the first LNG will emerge in February. Other shareholders, however, express doubts that exports will be quite that prompt with one

saying the "first half" of 2009 will be a safer estimate at present. Another source engaged in the project is more pessimistic, saying he does not expect to see a cargo until June. Whichever scenario finally holds true, all seven newbuildings, all of which are named after Indonesian lakes, are likely to be subjected to some idling or waiting time. For example, the *Tangguh Towuti* is due to leave a very crowded Daewoo in the next few weeks and is currently scheduled for handover in December.

name two Tangguh LNG newbuilds

The big turnout of around 150 guests made for some complex arrangements and spreadsheets were surreptitiously being checked as carefully laid-out travel arrangements involving planes, cars, boats, coaches and helicopters became more fluid by the minute. The ship charterer and project operator BP and the Indonesian delegation were on their second ceremony, having flown in from Samsung Heavy Industries.



NYK vice-chairman Yasushi Yamawaki and his wife, Yoshiko

Captain Jurica Fabijanic, who had arrived just days earlier to take up his position with his new vessel, the *Tangguh Towuti*. For Captain Fabijanic, the steam-turbine-driven newbuilding should almost represent a step back in time. His previous position was to undertake the delivery and maiden-cargo voyage on one of Qatar's new slow-speed diesel-engine Q-flex vessels, the 216,200-cbm *Al Thumama*.



The 145,700-cbm "Tangguh Batur" and "Tangguh Towuti"

On-board reliquefaction units to optimise on fuel

Lucy Hine London

BG Group has commented on its choice of on-board reliquefaction units for four LNG newbuildings it has on order. A BG spokesman says the company's early experience with chartered dual-fuel diesel-electric (DFDE) tonnage demonstrated the potential for a reliquefaction unit to enhance fuel-optimisation opportunities and minimise the use of the gas-combustion unit across a range of vessel speeds. He said: "If HFO [heavy fuel oil] is less costly than gas, we can preferentially use less gas and more HFO, up to about half the normal boil-off quantity." He continued: "Also, the highly efficient DFDE propulsion system consumes less total fuel than the amount of boil-off gas avail-

able at slower speeds. The reliquefaction unit affords the opportunity to reliquefy this gas rather than simply incinerate it in the gas combustion unit [GCU]." BG has four 170,000-cbm ships on order at Samsung Heavy Industries for delivery from the end of 2009 through 2010. The company recently decided to up the specification on them by fitting the on-board reliquefaction units and in doing so is becoming the first owner outside those building the Q-flex and Q-max LNG ships for Qatar to opt for this additional kit. The units, which are believed to cost around \$50m each, will allow boil-off from the vessels' LNG cargoes to be reliquefied, maximising the delivery volumes. Other owners are also said to have expressed an interest in the units.

Flex extends option on fifth LNG/P at Samsung

Lucy Hine London

Floating-liquefaction proponent Flex LNG has postponed its decision to build a fifth LNG producer (LNG/P) unit at Samsung Heavy Industries by drawing up a new option agreement with the yard. Flex said in a statement it had entered into an option agreement that replaced a previous one dated 15 April 2008 that gives it an extended time to declare an additional LNG/P hull. However, until initial cargoes are produced and the projected production ramp-up is detailed, it is difficult to see if there would be any potential for the Tangguh shipping team or the owners to sublet the vessels prior to their project work commencing. Delivery windows have been stipulated for all the vessels with their long-term charterer, BP Beaurau. But within these windows, BP is understood to be opting for the latest deliveries possible and could ask owners for additional time if this is required. The specifications for the fifth unit are the same as those of the previous four confirmed by Flex. In July, Flex rejigged the specifications for its LNG/P, bumping up its capacity for an additional 50,000 cbm of condensate production in addition to the 170,000 cbm it had already allocated for LNG. This is the second major capacity change the company has made to its LNG floating

production, storage and offloading (FPSO) unit, which it originally launched in January 2006. The increase brings the cost of the units and their topsides to just over \$1bn. Samsung has priced the topsides, the first it has been contracted to build, at \$551m. The 220,000-cbm LNG/Ps were costed at around \$459m. The FPSOs will be capable of producing around 1.7 million tonnes per annum (mtpa) of LNG. The first is slated for delivery by 30 September 2011. Flex has said it intends to use the unit for its offshore Nigeria project, Progress LNG, in which it is teaming up with Peak Petroleum. Japanese trader Mitsubishi has signed up as an off-taker and equity partner in Progress. The second has been allocated to Flex's offshore LNG-production project with Rift Oil in Papua New Guinea.

Correction
In the TradeWinds issue of 2 October, in an item headlined "First sloshing cases for Mark III", it was incorrectly reported that Teekay's NO 96-type 138,000-cbm *Catalunya Spirit* (built 2003), which sustained sloshing dam-

age in 2006, was built at Daewoo Shipbuilding & Marine Engineering. The ship was built at the former Izar yard in Spain. Daewoo says there have been no reports of sloshing damage on any of their NO 96 membrane-type LNG-carrier newbuildings.

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