



**HD** FL-LNG by LNG Limited Becomes Shaky Again; **Chinese** partner may withdraw

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Fisherman's Landing LNG Project (FL-LNG) by LNG Limited that plans to build a plant to liquefy **coal** seam gas in Australia may become shaky again.

LNG Limited announced on May 21 that its biggest shareholder, **China** Huanqiu Contracting and Engineering Corporation (HQCEC), sold 43.25 **million** shares out of its holding of 53.25 **million** shares, leaving only one, non-executive, director in the board to continue to advise and assist the **company**. HQCEC's intention behind its **sale** of the shares is uncertain, but the **Chinese company** may be thinking to totally withdraw from FL-LNG and LNG Limited itself.

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HQCEC, an international **Chinese** engineering **company** and a group **company** of CNPC (**China** National Petroleum **Company**), bought 53.25 **million** shares of LNG Limited in May 2011 at A\$0.48/share, A\$25.56 **million** in total, to become the largest shareholder of the **company**.

As to FL-LNG, HQCEC and LNG Limited mutually agreed to jointly promote development of the project including EPC work for the project by HQCEC. In addition, PetroChina, another group **company** of CNPC, started talks with LNG Limited on toll liquefaction contracts, while it bought Molopo **Energy**, an Australian **company** owning **coal** seam gas assets, to secure gas intended to supply to FL-LNG.

With the **sale** of the shares by HQCEC as above, it is obvious that the support extended so far by CNPC and its group companies will diminish. If CNPC withdraws entirely from the Australian **company**, FL-LNG will probably need to fundamentally reconsider the project itself.

In the past, FL-LNG was put in a similar situation, when Arrow **Energy**, Australia, who had been a partner from the start as a potential supplier of gas, was acquired by Shell and its partners in 2010. Upon loss of the planned gas supply, FL-LNG restructured its marketing from outright **sale** of LNG to sales of its liquefaction capacity on a toll basis under the auspices of CNPC.

Good thing for LNG Limited is that its LNG project in the U.S.A., Magnolia LNG, has been steadily making progress for final investment decision during the second half of 2014. The **company** has been successful in finalizing contracts to toll treat natural gas using 7 **million** tpy of its capacity out of 8 **million** tpy.

**CO** cnpngc : China National Petroleum Corp | lngl : Liquefied Natural Gas Limited

**IN** i1 : Energy | i13 : Crude Oil/Natural Gas | i1300004 : Liquefied/Compressed Gas

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