

---

World Roundup

**Exxon Mobil Reportedly Seeking Stake in Mozambique LNG Project**

456 words

4 April 2016

Natural Gas Week

NGASW

English

(c) 2016 Energy Intelligence Group. All rights reserved

Exxon Mobil may be adding a piece of another LNG megaproject to a portfolio that already includes nine existing and proposed liquefaction ventures around the globe. The US supermajor and Italy's Eni may be in discussions to bring Exxon into Mozambique's giant Area 4 natural gas field and possibly operatorship of the associated LNG project.

The Wall Street Journal reported Exxon is seeking a 20% position, while Reuters said the Big Tiger is negotiating for 15%. Eni said previously it might sell up to 15% of the field as part of a program to dispose of \$7.84 billion in assets through 2019.

Exxon declined to comment on the reports. Eni did not return Natural Gas Week's phone call.

Eni has a 50% operating stake in Area 4, which is located in Mozambique's Rovuma Basin. The Italian company estimates the huge tract holds some 85 trillion cubic feet of gas in place, one of the richest gas discoveries of recent times. Eni made the original discovery in 2011.

Area 4 will feed a series of onshore LNG export plants Eni plans to construct with Anadarko, operator of adjacent assets. The LNG facilities are expected to supply mostly Asian markets, but also could serve growing demand in Brazil and other Atlantic Basin markets. According to information on Eni's website, the gas supply could support up to 50 million tons per year of liquefaction capacity, or roughly 6.7 billion cubic feet of gas per day, but the joint venture would start with a much smaller complex.

How much Exxon might pay for a 15% stake isn't known, but investment blogger Zack's pointed out that in 2014 Eni sold a 20% interest to China's CNPC for \$4.2 billion amid strong competition when oil prices were much higher.

"This is an important move for Exxon Mobil as it adds oil and gas reserves through acquisitions as oil prices fall," Zack's said. Exxon failed to replace its reserves in 2015 for the first time since 1993 (NGW Feb.22'16).

Michelle Foss, chief economist for the Bureau of Economic Geology at the University of Texas, said Exxon would be a good operator for Mozambique. "Exxon would be likely to bring a project in close to schedule and budget. They have the balance sheet and triple AAA rating."

How soon construction might begin is uncertain. Neither company has taken final investment decision (FID) on their share of the massive project which would carry a price tag in the tens of billions of dollars. Anadarko deferred FID that had been scheduled for 2015 until this year. If so, startup would come about 2020.

Document NGASW00020160503ec440000j