



Texas LNG Export Terminal Shuttered For Three Weeks After Explosion

Description

Update (1749ET): The explosion at Freeport LNG at Quintana Island has forced operations at the oil and gas export facility to be halted “for a minimum of three weeks,” according to local news KPRC.

UPDATE: Explosion shuts down Freeport LNG’s liquefaction facility for next 3 weeks, officials say <https://t.co/7oKRbn6F4u> pic.twitter.com/cU65zFR5fV

— KPRC 2 Houston (@KPRC2) [June 8, 2022](#)

Freeport receives about 2 billion cubic feet of gas per day or roughly 16% of the total US LNG export capacity. This means LNG exports will shrink and result in more supply on the grid, pushing down natural gas prices.

Here’s earlier footage of the explosion.

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A “small explosion” at Freeport LNG terminal in Surfside Beach, Texas, resulted in the plunge of natural gas futures on Wednesday afternoon.

Local news KHOU reports the incident occurred around 1140 local time in the 1500 block of Lamar Street at the facility on Quintana Island.

“We are in the process of monitoring the situation and will provide information accordingly,” Freeport’s Director of Corporate Communications Heather Browne told The Facts.

Important Update from member company Freeport LNG:

An incident occurred at the Freeport LNG facility on Quintana Island at about 11:40 am on

June 8. An investigation is ongoing and updates will be provided soon.

At this time, CAER has no additional information. pic.twitter.com/X490VIZvzk

— Brazosport CAER (@bportCAER) [June 8, 2022](#)

The Facts posted a picture of the export terminal showing black smoke rising from the facility.



Houston-based energy firm Criterion Research shared more views of the facility via local news KPRC's live aerial view.





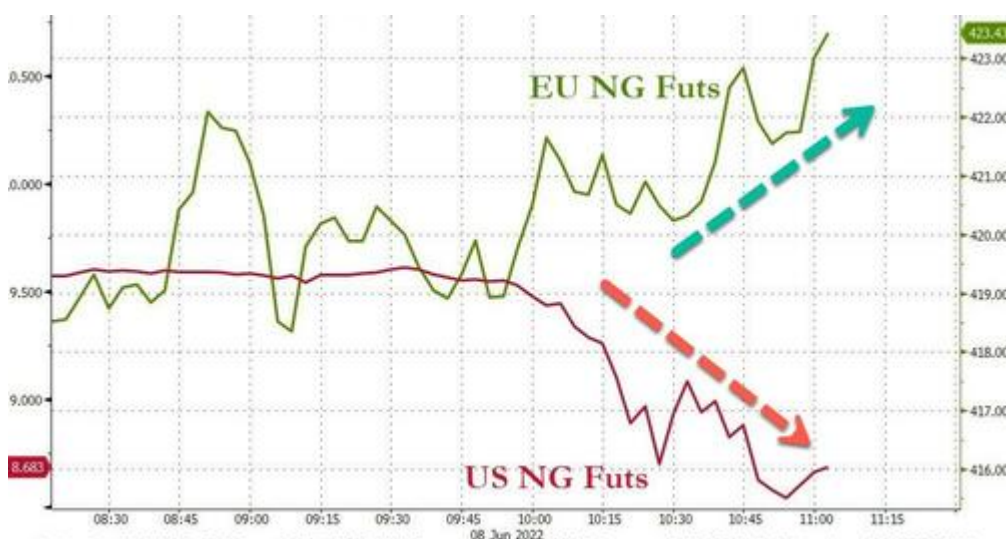
Criterion points out that the facility is the fourth largest in the US in terms of flows. Freeport receives about 2 billion cubic feet of gas per day, or **roughly 16% of total US LNG export capacity.**

Terminal Name	Max Recorded Flows (Bcf/d)
Sabine Pass LNG	5.2
Corpus Christi LNG	2.5
Cameron LNG	2.3
Freeport LNG	2.2
Calcasieu Pass LNG	1.3
Cove Point LNG	0.9
Elba LNG	0.4

Natgas contracts slumped as much as 12% on the news to \$8.43.

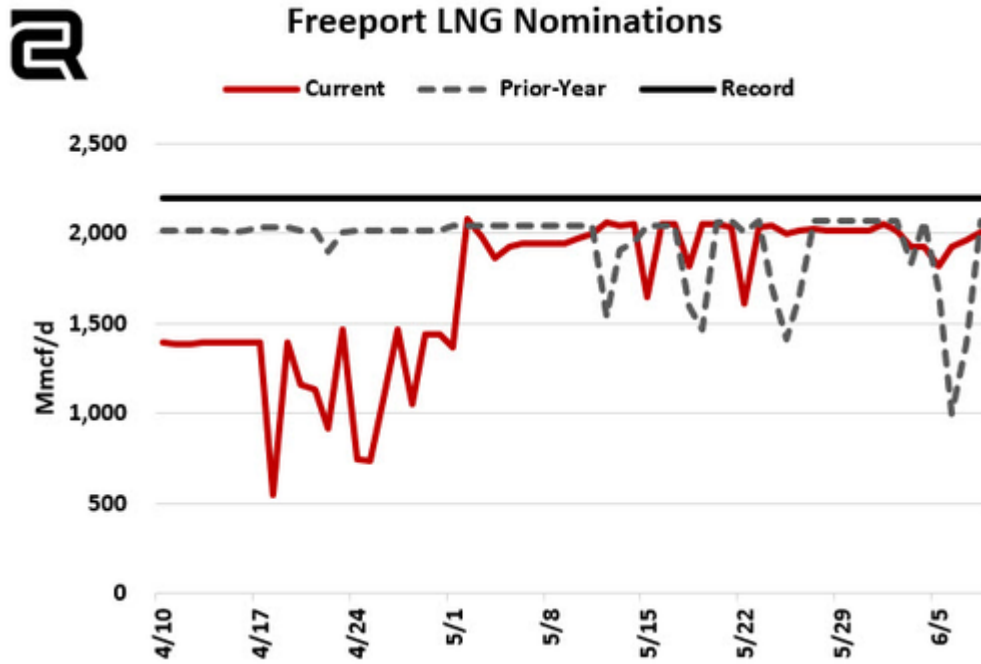


For those puzzled by the price action, **US NatGas's slump is in response to the prospect that fewer LNG exports would mean more supply domestically, though inversely, it would mean higher prices in Europe since the US has been increasingly sending LNG across the Atlantic to ween European countries off Russian supplies.**

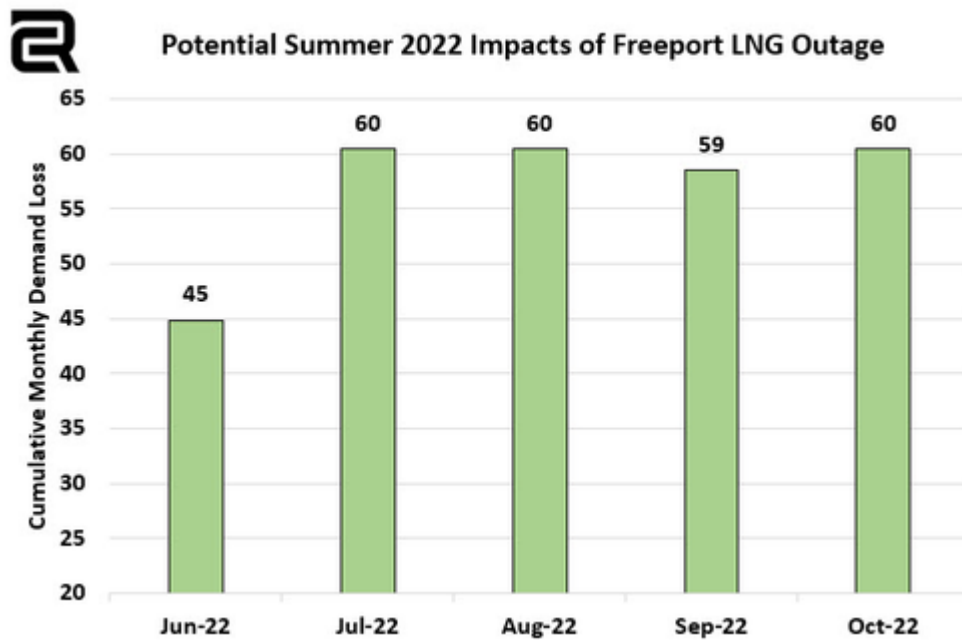


[Criterion](#) sheds more color on the importance of the Freeport LNG terminal and how a disruption at the facility could push more supply back onto the grid.

It's very early and the situation is still developing, but we can give a bit of background on the situation and potential worse-case impacts. Through the first eight days of June, Freeport has been receiving an average of 1.95 Bcf/d and the facility's latest high was 2.0 Bcf/d this morning.



Assuming the worst-case scenario is a complete facility outage through the end of October, **Freeport LNG's incident could push back an average of 1.95 Bcf/d to the grid and add +285 Bcf to storage.** Even a two-month outage through July 2022 would add +105 Bcf to inventories.



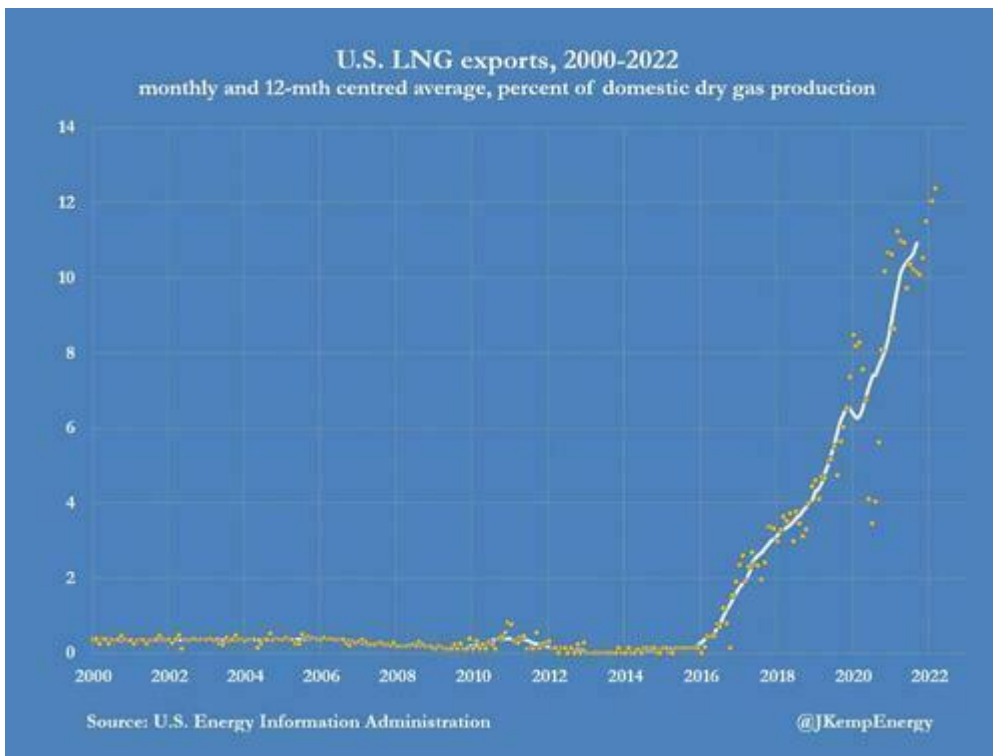
The other factor to keep in mind is that it is smaller, but Freeport does pull a good amount of power from the grid. According to the EIA, the electric-driven facility pulls 690 MW of power supply when fully operational.

Others seem to be agreeing with Criterion's view:

"The concern is it's going to back up supply here in the US," rather than be exported to Europe," [@KilduffReport](#) tells [@pattidomm](#). "If this plant is affected it's going to .. drive down prices for US consumers but drive them higher for Europe and Asia." [\\$UNG](#)
<https://t.co/N4h1NCJ8uX>

— Carl Quintanilla (@carlquintanilla) [June 8, 2022](#)

With almost three-quarters of US LNG heading to Europe in the first four months of this year, this 'explosion' has the potential to seriously up-end global natgas supplies.



Will Putin is blamed for this explosion? We doubt it because...

Freeport LNG Terminal Has 'Small Explosion,' KHOU 11 Says

That's one way to lower US gas prices and send European gas prices soaring even higher

— zerohedge (@zerohedge) [June 8, 2022](#)

by Tyler Durden

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