

OIL AND GAS

Natural gas plummets as Freeport delays facility restart following explosion

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FREEPORT LNG EXPORT FACILITY TO REMAIN OFFLINE, EASING HIGH PRICE FEARS

VIDEO 04:05

Natural gas prices ease as Freeport LNG facility remains offline following explosion

Natural gas prices plunged on Tuesday, after Freeport LNG said its facility that had a fire last week likely won't be back up and running soon.

"[C]ompletion of all necessary repairs and a return to full plant operations is not expected until late 2022," the company said Tuesday in a statement. The facility, located in Quintana Island, Texas, had an [explosion](#) last Wednesday.

"Given the relatively contained area of the facility physically impacted by the incident, a resumption of partial operations is targeted to be achieved in approximately 90 days," Freeport LNG said.

POWER LUNCH

EQT CEO ON NATURAL GAS SOLUTIONS TO HIGH PRICES

VIDEO 03:00

We have the supply to meet natural gas demand, the question is at what price, says EQT CEO

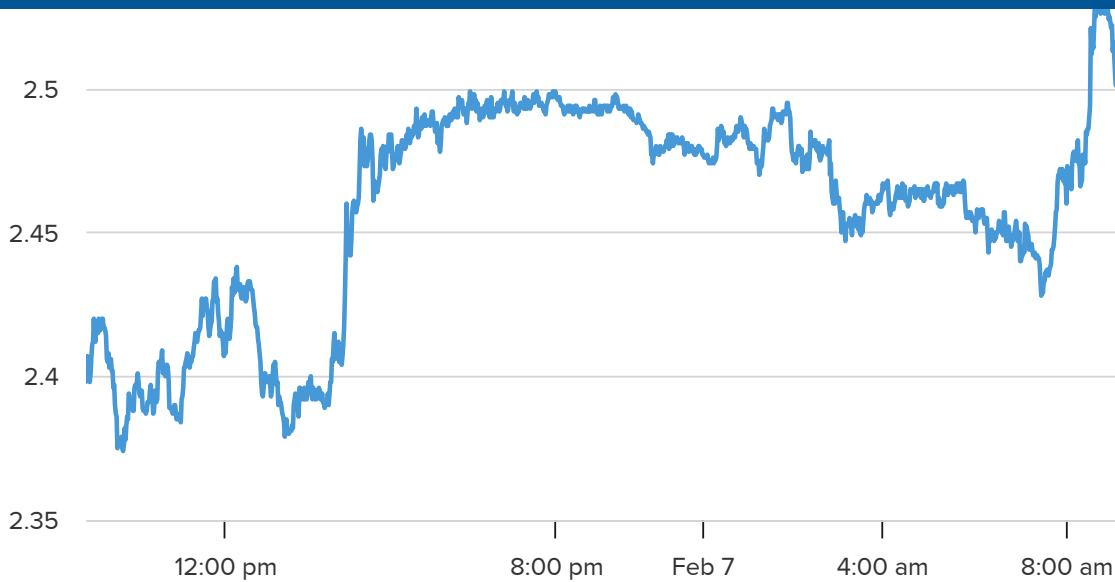
“The U.S. natural gas market will now be temporarily oversupplied as 2 bcf/d or a little over 2% of demand for U.S. natural gas has been abruptly eliminated,” said Rob Thummel, managing director at Tortoise Capital.

“U.S. natural gas supply will likely remain at current levels as producers won’t reduce production by 2 bcf/d. The result is an oversupplied U.S. natural gas market,” he added.

Freeport’s operation is roughly 17% of the U.S.’ LNG processing capacity.

Natural gas plummets





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Despite Tuesday’s drop, natural gas prices are still up 93% since the start of the year. Demand has rebounded as worldwide economies emerge from the pandemic, while supply has remained constrained.

Russia’s invasion of Ukraine upended a market that was already tight. As Europe looks to move away from Russian energy, record amounts of [U.S. LNG are now heading](#) to the continent.

Surging prices are adding to inflationary pressures across the economy. Drivers are already grappling with record prices at the pump with the national average for a gallon of gas [topping \\$5 over the weekend](#), and now utility bills are also set to rise.

Natural gas [prices surged above \\$9](#) per MMBtu in May, hitting the highest level since August 2008.

After the explosion at Freeport’s facility last week, the company initially said the plant would be shut for several weeks.

“The incident occurred in pipe racks that support the transfer of LNG from the facility’s LNG storage tank area to the terminal’s dock facilities,” the company said Tuesday. “None of the liquefaction trains, LNG storage tanks, dock facilities, or LNG process areas were impacted,” the company added.