

SBM Offshore's Lead LNG Engineer gives a candid view on FLNG

Ahead of the coming 10th FLNG Asia Pacific Summit, we spoke to **Francesco Criminisi, MBA of SBM Offshore** as he discussed some of the important challenges and opportunities associated with FLNG projects. Francesco occupies the position of LNG Development Engineer in charge of further developing LNG expertise inside SBM Offshore, leading the development of new FLNG concepts and bringing them to the market. Before joining SBM, he worked with Saipem in the LNG Process department for 9 years. He was the process manager for GNL3Z LNG EPC Project (Algeria), for the FEED for the Olo Kola LNG Project (Nigeria) and for the FEED for the Iran LNG Project.

What are the most common risks associated with FLNG projects? Pls share some details.

The main risk of FLNG Projects is their size and the project manager's capability to control such huge projects. In addition, those huge projects will require the creation of complex execution strategies involving many companies. In those structures it will be difficult to identify risks and responsibilities.

Knowing these risks, what are the risk mitigation strategies that you employ? How effective are they in your opinion?

For the above reasons SBM believes that the size of the project should be within reasonable limits so that a single company can play the role of the main contractor having a proper control of the overall project. Focusing on midscale FLNG could be the proper risk mitigation together with relying on experienced contractors.

What interesting technologies or innovations do you see lately in the FLNG field? How will it affect the industry?

There are 2 types of FLNG contractors: contractors coming from an offshore experience and those coming from an onshore LNG business. The first group is more focused on operability, simplicity and marinization while the second group is more focused on fuel efficiency at the expense of more complexity and more safety issues.

I think that the excessive focus on process optimization will bring excessive complexity that will make the FLNGs very difficult to operate.

So, the biggest innovation will occur when one single company is able to find the proper balance between profitability, efficiency, operability and simplicity. In my opinion SBM is already a company like that.



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- Francesco Criminisi, LNG FPSO Development Engineer, SBM Offshore

What are the yet to be explored opportunities in the FLNG sector?

Midscale FLNG can be the optimum way to monetize stranded gas fields that are not included so far in the development program of the various asset owners; in addition, since the overall budget is reduced it will also allow smaller players to enter the LNG market creating a more open market.

What role will Asia be playing in the future development of the industry?

Even today, the Asian countries buy a combined 60% of the global LNG production. This role will be maintained. The strong demand from China and India for gas could help LNG to become the commodity of the future. At the same time, limited growth is expected in the traditional buyers (Japan, Korea, Taiwan).

However, if LNG price in Asia does not reduce the future growth of Asian countries, it may be satisfied by alternative energy sources other than conventional LNG.

From the sourcing point of view, the situation is even vaguer as the main future sources of additional Asian LNG demand will be Australia and US. In Australia, the on shore LNG plants under development are experiencing high over budget. In US, the future of LNG export depends on the approval of the FTA from the US Government.

To conclude, I would say that in any case in the future, Asia will play a determining role in the evolution of LNG market and the FLNG solution. In particular, the Midscale FLNG may help in reducing cost of LNG, helping Asia to maintain its growth.

Hear more from Francesco Criminisi and be part of the **10th FLNG Asia Pacific Summit** happening on 25-26 June 2013 at the Amara Hotel, Singapore. This year's theme: Shedding Light on the Latest Progress from Ongoing and Upcoming Floating LNG Projects. To find out more, visit www.flngsummit.com