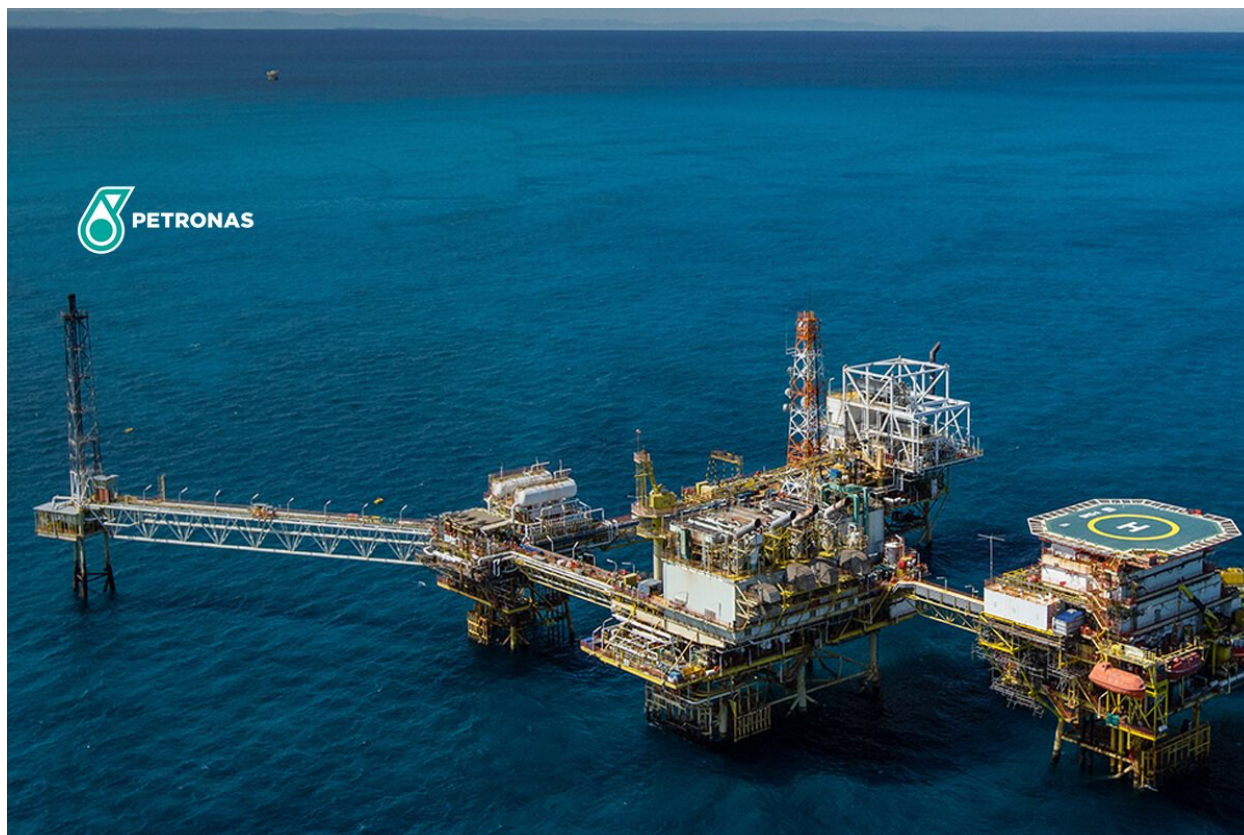


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Petronas declares force majeure on gas supply to LNG plant



SINGAPORE (Oct 5): Petroliaam Nasional Bhd (Petronas) declared force majeure on supply to its liquefied natural gas (LNG) export facility due to a pipeline leak, threatening to exacerbate a global fuel crunch right before winter.

The state-owned company triggered the legal clause due to a leak at the Sabah-Sarawak Gas Pipeline on Sept 21, Petronas said in response to Bloomberg queries. The pipeline feeds the Petronas LNG complex, which exports gas to customers across Asia.

Companies typically declare force majeure when an unforeseen event like a fire or natural disaster prevents them from complying with contractual obligations. With force majeure declared on supplies to the LNG plant, its likely that Petronas can now use the same clause to cancel shipments to overseas customers.

Any reduction in scheduled LNG shipments could trigger a scramble in Asia to find replacements and boost spot prices.

Competition between Asia and Europe for LNG has intensified since Russia invaded Ukraine and upended global energy markets. European natural gas futures jumped as much as 6.7% after the announcement.

Petronas said it is exploring options to mitigate the impact of the pipeline leak and restore gas supply to the LNG facility. It isn't clear how much of Malaysia's LNG export capacity is affected.