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Sasol, ENH study LNG terminal for Mozambique gas gap

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Sasol and Empresa Nacional de Hidrocarbonetos (ENH), Mozambique's state hydrocarbon company, are studying the development of an LNG import terminal to address an anticipated shortfall in domestic gas supply. The two companies have agreed to examine the project jointly, though no contract has been signed and the initiative remains at the study phase. ENH has provided a preliminary cost estimate for the terminal, details of which were not fully disclosed in available reporting.

The driver for the project is an expected decline in production from the Pande and Temane gas fields in southern Mozambique. Those fields currently supply gas to industrial customers in South Africa via pipeline, a supply chain that Sasol — which operates the fields and the Mozambique-to-South Africa transmission system — depends on for its South African operations. As reservoir output falls over coming years, both Sasol and ENH face the prospect of contractual and industrial gas volumes being unmet without a replacement or supplementary source.

An LNG import terminal would allow Mozambique to receive regasified natural gas from international markets, bridging the gap between declining domestic field production and ongoing demand from industrial users in Mozambique and potentially neighboring countries. This marks a notable strategic shift: Mozambique is typically discussed as an LNG export country given the large offshore gas discoveries in the Rovuma Basin, but the southern region of the country, where Pande and Temane are located, faces a distinct and more immediate supply challenge unrelated to those northern deepwater projects.

The study arrangement between Sasol and ENH positions the two parties to assess technical configuration, siting, capacity requirements, and commercial structure before any investment decision could be taken. An MoU or heads of agreement framework of this kind typically precedes a formal feasibility study, then a final investment decision — meaning any physical infrastructure remains several years away. No engineering or procurement contracts have been awarded at this stage.

For the regional gas market, the initiative signals that southern Mozambique's industrial gas infrastructure may require capital investment to remain functional beyond the natural decline of the Pande and Temane reservoirs. The involvement of ENH underlines the government's intent to maintain gas supply to domestic and regional industrial consumers as a policy priority, even as the country's headline LNG projects in the north continue to face their own development timelines and security challenges.

Why this matters to partners and clients of Saga

This is a pre-feasibility study with no awarded contracts, so Norwegian service companies should monitor progress and begin relationship-building with Sasol and ENH rather than approaching procurement teams. If the study advances toward a formal feasibility phase or FID, scope could include LNG terminal marine infrastructure, regasification systems, and pipeline tie-ins — relevant for companies active in LNG receiving terminals and offshore/coastal gas infrastructure. Timing remains uncertain; the Pande and Temane decline trajectory will determine urgency.

PARTNER ANGLES

- **LNG:** Monitor study progress — regasification terminal scope (jetty, storage, send-out) could suit Norwegian LNG infrastructure specialists if project reaches FID.
- **Subsea/Pipeline:** Any LNG terminal will require marine pipeline and riser infrastructure for gas send-out; watch for FEED and EPCI tender announcements as the study matures.
- **Drilling/Well Services:** Declining Pande and Temane field output may prompt well intervention or infill drilling campaigns before or alongside an import solution — worth tracking with Sasol's upstream team.

- **FPSO:** Floating storage and regasification unit (FSRU) is a common solution for projects of this type; Norwegian FPSO and marine vessel operators should follow the terminal concept selection phase.

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