AFRICA OIL+GAS REPORT · LNG

Tetra4 Secures New LNG Offtake Deal at $16/Mscf for Virginia Gas Project

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Tetra4, the developer behind the Virginia Gas Project in South Africa, has signed an additional take-or-pay offtake agreement to supply liquefied natural gas at a price of $16 per thousand standard cubic feet. The new contract adds to the project's existing offtake portfolio and signals continued commercial momentum for what is shaping up to be a domestically significant gas-to-LNG development.

The Virginia Gas Project is Tetra4's flagship upstream and midstream initiative in South Africa. By securing take-or-pay terms, Tetra4 locks in a guaranteed revenue stream from the offtaker while providing the buyer with supply certainty — a structure that reduces financing risk and strengthens the commercial case for further project investment. The $16/Mscf price point reflects current South African LNG market dynamics, where domestic gas scarcity and import substitution pressure support relatively firm pricing compared to spot LNG benchmarks.

South Africa continues to face an acute energy supply deficit, with load-shedding and industrial gas shortages creating strong demand for reliable domestic gas sources. Against this backdrop, the Virginia Gas Project is positioned to serve industrial and commercial end-users seeking alternatives to diesel, heavy fuel oil, or imported LNG. A take-or-pay structure at this pricing level suggests the offtaker sees sufficient value in supply security to commit to contractual volume obligations regardless of short-term market fluctuations.

For the broader South African gas market, each additional offtake agreement signed by Tetra4 incrementally de-risks the Virginia Gas Project and moves it closer to the investment thresholds required for full-scale development and financing. The accumulation of contracted volumes is a critical prerequisite for attracting project finance and equity partners in the upstream and midstream gas space. This latest agreement therefore carries significance not only for Tetra4's balance sheet but also for the wider supply chain that would be activated once the project reaches final investment decision.

Norwegian service companies monitoring Southern Africa's emerging gas sector should note that the Virginia Gas Project's commercial maturation is progressing through offtake contracting — the stage that typically precedes procurement of drilling, processing, and gas handling services. While the project's scale and technical specifications were not detailed in this announcement, the consistent addition of take-or-pay contracts is a reliable indicator that Tetra4 is building toward a sanctionable project. Partners with LNG small-scale liquefaction technology, gas processing equipment, and associated well services should track this development closely.

Why this matters to partners and clients of Saga

Norwegian companies with small-scale LNG liquefaction, gas processing, and well services capabilities should place the Virginia Gas Project on their active monitoring list, as recurring offtake agreements suggest Tetra4 is building toward a final investment decision and procurement phase. Service providers specialising in compact LNG plant engineering or modular gas handling solutions may find early engagement with Tetra4 commercially productive. There is no immediate tender to bid on, but positioning now ahead of FID is the prudent approach.

PARTNER ANGLES

- **LNG:** Small-scale LNG liquefaction technology and plant engineering providers should engage Tetra4 now, as growing offtake commitments indicate the Virginia Gas Project is approaching the stage where liquefaction infrastructure procurement becomes live.
- **Drilling:** Well services and drilling contractors should monitor the project's development timeline, as upstream gas production expansion will be required to fulfil accumulating take-or-pay obligations.

- **Pipeline:** Gas gathering and pipeline engineering firms could explore opportunities in the field-to-plant infrastructure that will be needed as Virginia Gas Project volumes scale up to meet contracted supply.
- **Subsea/FPSO:** Not directly applicable at this stage, but FPSO operators with experience in gas handling should note South Africa's broader gas infrastructure gap as context for future offshore developments in the region.
- **Service:** Modular gas processing and compression specialists should assess whether Tetra4's field development model creates opportunities for standardised, scalable equipment packages suited to a domestically focused LNG supply project.

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