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Safety fears for fleet of new LNG tankers after leaks are found

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- Soaring demand for gas raises pressure on BG
- Scare adds to alarm over 'floating bombs' since 9/11

Projet d'implantation du terminal méthanier Rabaska et des infrastructures connexes

Lévis

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A fleet of new ships built for BG and other companies to meet Britain's growing energy needs by bringing in liquefied natural gas (LNG) from abroad has been hit by leaks and safety scares.

The Methane Kari Elin, which was delivered 18 months ago from a South Korean yard, has been withdrawn from service and is heading back to the far east to try to establish what has gone wrong.

A second ship - the Gaz de France Energy - is currently undergoing repairs at the Chantiers de l'Atlantique shipyard in France after gas leaks were discovered in tests, even before the vessel was handed over by the shipbuilder. One BP vessel - built to similar designs in the same Samsung yard in Seoul - is being inspected but two others have been passed and are working normally.

The problem is worrying the industry because no one has yet discovered what the exact causes of the problems are and there are fears of a design problem that could affect up to 20 vessels. The ships are needed to service a massive increase in demand for LNG in Britain, the United States and elsewhere as the indigenous supplies of natural gas from the North Sea run out.

National Grid, operator of the newly- opened Isle of Grain LNG import terminal in Kent, said yesterday that it was considering a second expansion scheme to increase capacity by half.

Shipbuilders and owners are highly conscious of safety as they are aware that LNG is highly flammable, hence fears after 9/11 about these ships being hijacked by terrorists and used as floating bombs.

The maritime faults are believed to centre around the gas containment tanks inside the hulls of the vessels. There are concerns that there might be a problem with the glue used to secure the inner lining of the tanks. BG last night played down the danger associated with the problem, saying there had been no actual gas escapes, just leaks of nitrogen used to cool the LNG inside the system.

"There was migration in the level of nitrogen but only in the secondary barrier," said a BG spokesman. "Things point to a construction application rather than a design fault."

The company confirmed that the Methane Kari Elin was now on its way back to a Samsung Heavy Industries shipyard in South Korea to ascertain exactly what is wrong. "We hope for a definitive answer shortly," said BG.

The company owns eight LNG tankers but has a further seven newly built ships scheduled to be handed over by the end of 2007. It has been forced to find alternative ways of meeting its contractual needs to ship LNG on the Methane Kari Elin but declined to give any details.

Shipbrokers say that the British company could have to pay more than £20,000 a day to charter a replacement vessel and BG has admitted that the Methane Kari Elin could take at least six months to be repaired.

One top shipbroker, who asked not to be named, said: "It's pretty serious. Given the health and safety issues

around LNG, BG has to go overboard to resolve this."

The Gaz de France Energy and the Methane Kari Elin are vessels with a capacity of 74,000 and 138,000 cubic metres respectively but built with cargo tanks designed and produced by Gaz Transport & Technigaz in France.

The shipping industry newspaper TradeWinds says the faults have raised concerns for owners and operators of at least 20 other LNG tankers, either delivered or under construction.

Samsung said in a statement that it planned to meet companies that had taken delivery of its Mk III-type LNG carriers "to provide a technical appraisal of the problem".

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