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Tango FLNG became the world's second and smallest floating liquefaction unit to be put into operation when it exported a first cargo in June 2019. Photo: Exmar

YPF declares Covid-19 force majeure on Exmar's Tango FLNG unit

Belgian owner declares notice from Argentinian charterer 'unlawful'

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By [Lucy Hine](#)

Belgium's Exmar has received notification of force majeure on its charter and services agreement for the company's Tango FLNG unit from its Argentinian charterer YPF.



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Exmar said YPF claims that effects of the Covid-19 pandemic both worldwide and in Argentina have hindered its ability to perform its obligations under the agreements.

These include YPF's ability to pay the invoices due for services performed for the period starting from the second half of March.

"Exmar considers the notice to be unlawful, has reserved its rights and is considering its best option to defend its interests," the Belgian company said.

Earnings impact

It said Tango FLNG contributed 36% to its total ebitda in its first quarter results.

Exmar, which is now led by lawyer and newly appointed chief executive Francis Mottrie, said that irrespective of the outcome of the dispute with YPF it is "contemplating several measures to safeguard its liquidity position".

The company added that on the basis of its current forecast, this is not at risk till the end of 2020.

Barge-based Tango FLNG was the success story Exmar had been waiting for after several years of ill-fated investments and problems.



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YPF chartered the unit in November 2018 for 10 years under a tolling agreement relating to LNG production.

A first cargo was exported a year ago with the LNG floater producing around five shipments in total.

The mini FLNG unit, which has capacity to deliver 0.5-million tonnes per annum, falls under the company's newly reorganised company unit Exmar Infrastructure.

In an interview with TradeWinds in May, Mottrie flagged up that the LNG floater had been performing above expectations.

But the dispute with YPF will be the second for Exmar Infrastructure, which remains locked in arbitration with Gunvor over a charter deal on the company's floating storage and regasification barge. [\(Copyright\)](#)

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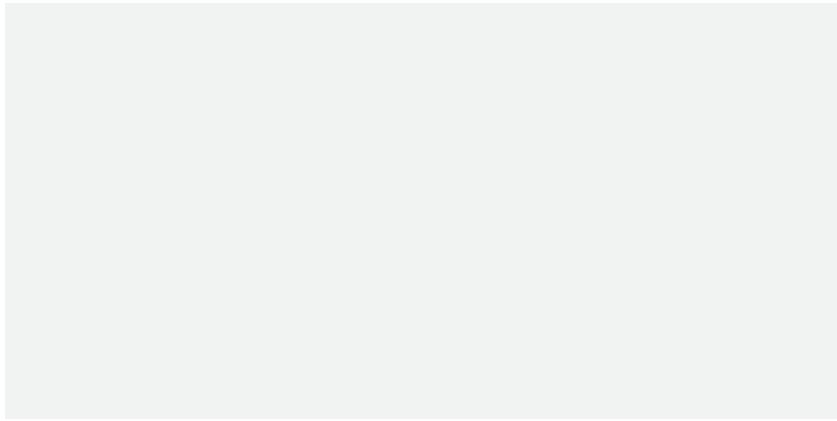
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