Oil and Gas News Briefs
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Russia pursues bigger role in gas markets

(Wall Street Journal; Nov. 26) - Russia is expanding its foothold in the fast-growing natural gas market despite Western efforts to limit Moscow's energy influence. Directly squaring off against U.S. shale gas exporters, Russia has emerged this year as a major player in the burgeoning market for liquefied natural gas. Meanwhile, Russia has been pumping gas into Europe at a record pace through existing pipelines, and it's close to opening a 2,000-mile pipeline into China, the world's fastest-growing major gas market.

Natural gas is the world's fastest-growing fossil fuel. Supplying it to the West and increasingly to Asian powers like China and India, gives Russia hard cash and a seat at the geopolitical table. "Our main goal is to preserve our current markets, primarily Europe, and to gain a foothold in new ones, especially Asia," said Alexey Teksler, Russia's first deputy Minister of Energy.

The U.S. has been looking to curb Russia's gas expansion and has used trade negotiations to squeeze promises from European and Asian countries to buy more U.S. gas. But so far, only a handful of U.S. LNG cargoes have reached Europe. In an investor presentation earlier this year, Russian state-owned giant Gazprom illustrated U.S. gas exports into Europe as a few drops of water beside a steaming teacup that depicted Russian exports. Oil and gas revenues cover 40 percent of Russia's budget.

China recently imposed tariffs on U.S. LNG, which could provide an opening for Russia to supply it with more gas. Price has been Russia's competitive advantage. Its June delivery to India, the first under a 20-year deal, was priced at around $7 per million Btu, about $1 to $1.50 less than comparable deliveries from Qatar or the U.S., analysts said.

Norwegian port expects 150 Russian LNG ship-to-ship transfers

(Reuters; Nov. 27) - Northern Norway's small port of Honningsvag will host 150 to 160 ship-to-ship transfers of liquefied natural gas cargos from Russia's Yamal LNG project by mid-2019, the local council that owns the port told Reuters on Nov. 27. The first transfer in Norwegian waters took place last week as part of Yamal operator Novatek's plan to free up its costly ice-breaking LNG carriers, allowing them to return sooner to the plant to pick up more cargoes and using conventional carriers to finish the deliveries.

From Honningsvag, shipments to global markets are made by conventional LNG ships that are less expensive to operate than the ice-breaking carriers. The port expects to earn some 10 million crowns ($1.16 million) for the service it provides, while the retail and hotel industry will see additional benefits, Mayor Kristina Sigursdottir Hansen said. The ship-to-ship reloading is a temporary solution until permanent reloading terminals can be built in Kamchatka in Russia's Far East and near Norway.

Africa 'hot spot' for floating LNG projects

(Bloomberg; Nov. 26) - Africa is on the cusp of a liquefied natural gas boom, due to growing demand and also a fast-track method of getting the fuel to market. Dallas-based Kosmos Energy's project in Mauritania and Senegal, set to get the go-ahead next month, will use a floating vessel to liquefy gas from an offshore field. Such units, which can be built out of existing LNG carriers, reduce the time from exploration to export, helping to lure investment for gas development in a region traditionally focused on oil.

"Africa is the hot spot for floating LNG,'' said Lucas Schmitt, a senior gas analyst at Wood Mackenzie. Kosmos and partner BP are targeting first gas from Tortue by 2022, bringing it online four years after Africa's first floating LNG facility — a Cameroonian project that started output earlier this year. The last bureaucratic steps are on track and a final investment decision is just "weeks away," a Kosmos spokesman said Nov. 21. The project's first phase would produce 2.5 million tonnes of LNG per year.

The Tortue project is just one of a slew of African LNG ventures expected to spur gas production on the continent. The expansion could see Africa's LNG capacity almost double by 2030, according to consultants Rystad Energy. That jump in output is aided by a series of floating projects. Confidence in the technology was boosted by the start of the Cameroon project this year, which was the first to use a production vessel converted from a ship. Its success on a $1.2 billion budget could spur similar investments.

Ophir Energy needs funds for its project off Equatorial Guinea before its license expires at the end of 2018. Ophir had been in talks with Chinese banks but suffered a setback in May when partner Schlumberger pulled out. In Mozambique, Eni signed off last year on a $7 billion floating project. The production vessel is due to be ready in 2021.

China replaces France's Total in Iranian gas project

(Reuters; Nov. 25) – State-owned China National Petroleum Corp. (CNPC) has replaced France's Total in Iran's multibillion-dollar South Pars gas project, Iranian Oil Minister Bijan Zanganeh said, according to Iran's semi-official news agency ICANA on Nov. 25. "China's CNPC has officially replaced Total in phase 11 of South Pars but it has not started work practically. Talks need to be held with CNPC ... about when it will start operations," Zanganeh told ICANA, without giving further details.

Total, which had a 50.1 percent stake in the project, and CNPC could not immediately be reached for comment. The French company said in August it would withdraw from the South Pars gas project after it failed to obtain a waiver from U.S. sanctions against Iran. In May industry sources said CNPC was ready to take over Total's stake in the project. The offshore field, which Iran calls South Pars and Qatar calls North Field, holds the world's largest gas reserves — estimated as high as 1,800 trillion cubic feet.

CNPC already holds a 30 percent stake in the giant field, while National Iranian Oil Co. subsidiary PetroPars holds the remaining 19.9 percent. Iran wants to significantly boost production at South Pars to increase its gas exports — and in particular to get into the liquefied natural gas trade.

LNG carriers increasingly used as floating storage

(Bloomberg; Nov. 27) - Some liquefied natural gas sellers aren't in a rush to deliver their multimillion-dollar cargoes. With uncertain demand, some traders are preferring to keep their fuel inside vessels in the hope prices will rise. While the sight of stationary cargoes might not be unusual in the more-established oil market, technology has only recently made it feasible to keep LNG at minus 260 degrees Fahrenheit for longer periods.

"There are cargoes parked close to Singapore, apparently waiting for the right market conditions to be delivered," said Dumitru Dediu, an associate partner at McKinsey Energy Insights, which monitors LNG flows. "Some of the players are speculating." There are about 30 vessels currently flagged as floating storage globally, two-thirds of which are in Asia, the biggest LNG consuming region, according to cargo-tracking company Kpler SAS. That's still a fraction of a global fleet of more than 500 vessels.

The practice of using tankers as floating storage is common in the oil market. LNG, the fastest-growing fossil fuel, is starting to resemble the oil market in that sense. Holding it back, however, is that some LNG is lost to keep it cool, known as boil off, and that most sales are through traditional long-term contracts without destination flexibility. But that's rapidly changing. Modern carriers are capable of serving as storage. They have lower boil-off rates, more capacity, and reliquefaction units on board to keep the cargoes cool.

China better prepared to meet demand for gas this winter

(South China Morning Post; Nov. 26) – China's demand for natural gas will surge to another record this winter, but the severe shortages and wild price spikes seen last year won't reappear, experts say. "This winter's gas supply will be still on the tight side, but overall not far off from being in balance with demand," said Zhi Xiaoye, president of Beijing Gas Group, the city's largest gas supplier.

Mainland China's consumption for the cleaner-burning fuel surged 17.7 percent year on year in the first nine months of 2018, faster than the 15.3 percent recorded in all of last year, according to the National Development and Reform Commission, which regulates the industry. China, which last year overtook South Korea as the world's second-largest importer of liquefied natural gas, has accounted for just over a third of global gas demand growth this year, according to Sanford Bernstein senior analyst Neil Beveridge.

"Feedback from market participants is that preparations [by the big three state-backed suppliers] are far better this year than a year ago … while [the] gas price will rise, we do not expect as extreme a spike in spot market prices as last winter," Beveridge said. Demand jumped last year after Beijing's war on air pollution accelerated plans to eliminate coal-fired boilers at factories and coal stoves in homes, replacing them with cleaner burning gas-fired units. But during cold snaps many villagers were hit by a gas shortage and had no alternative as their coal-fired units had already been dismantled.

Saudi Aramco looks to $150 billion gas expansion strategy

(Reuters; Nov. 27) - Saudi Aramco's natural gas expansion strategy needs $150 billion worth of investments over the next decade as the company plans to increase output and export more product, its chief executive said Nov. 27. Aramco is pushing ahead with its conventional and unconventional gas exploration and production program to feed its fast-growing industries, freeing up more crude oil to export or turn into chemicals.

The state oil giant plans to boost its gas production to 23 billion cubic feet per day from 14 billion now, CEO Amin Nasser told a chemicals industry event in Dubai. "Our gas program ... will attract investments of about $150 billion over the next decade," he said. A big part of this unconventional gas is rich in both liquids and ethane, which will play an important role in the growth of the Saudi's petrochemicals sector, he said. Aramco is a major gas player but much of the company's production is used domestically, he said.

"We have plans to create an integrated international gas business, which is backed by the vast conventional and unconventional domestic resources," Nasser said, adding that Aramco now has 16 drilling rigs focusing on unconventional gas, with more than 70 wells completed this year.

Lack of pipeline capacity drives down Permian basin gas to 25 cents

(Reuters; Nov. 27) - Next-day natural gas prices for Nov. 27 at the Waha hub in the Permian basin in Texas tumbled almost 80 percent to their lowest on record because of limits on the amount of gas that can move out of the region by pipeline. Prices at the Waha hub fell to an average of 25 cents per million Btu, according to data available on the Refinitiv Eikon going back to 1991. Traders said small amounts of fuel were even sold at negative prices as producers struggled to get rid of the gas.

That compares with an average of $2.16 this year and $2.71 in 2017. The Permian is the biggest oil-producing shale basin in the U.S. — and since gas is associated with much of the oil coming out of the ground, it is also the nation’s second-biggest shale gas region, behind Appalachia. Permian drillers want the oil, which is much more valuable than gas. In some cases, the lack of infrastructure to move gas from the region has forced producers to burn or flare some of the gas they pull out of the ground.

The cause of the price collapse was “very likely driven, in our view by continued associated gas production growth poured into a region that won’t see new greenfield pipeline capacity for at least 10 months,” analysts at RBN Energy said in a report Nov. 27. Several energy companies are building or developing new pipelines to enable more gas to flow out of the Permian region. Drillers, however, will have to wait until 2019 and beyond for those projects to enter service.

Cold weather triples New England natural gas prices to $13.70

(Reuters; Nov. 21) - U.S. spot power and natural gas prices for Nov. 21 soared in New England to their highest since last winter. When the weather turns extremely cold in New England, power and gas prices can spike quickly because most consumers use gas to heat their homes and businesses and most of the region’s electricity usually comes from gas-fired power plants.

Gas prices at the New England hub rose to $13.70 per million Btu for Nov. 21. That compares with an average of $4.67 so far this year, $3.80 in calendar 2017 and a five-year average of $5.33. Next-day power prices in New England rose to $129 per megawatt hour, their highest since January. That compares with an average of $47.86 so far this year, $38.29 in calendar 2017 and a five-year average (2013-17) of $52.29.

The region lacks sufficient gas pipeline capacity to supply fuel for both heat and power generation on the coldest days, so many gas-fired plants have to burn more expensive oil when temperatures drop. Pipeline companies have tried to build more pipes across New York to New England from Pennsylvania’s Marcellus shale fields in recent years, but some officials in New York and New England have blocked those efforts, preferring to invest more in energy efficiency and renewable sources of power.

Cheniere close to first export cargo from Corpus Christi

(S&P Global Platts; Nov. 26) - Cheniere Energy appears to be getting close to having enough LNG produced at its export terminal near Corpus Christi, Texas, to ship a full cargo — the plant's first liquefaction unit started filling up the storage tanks Nov. 14. A tanker that had been waiting at the terminal for about 10 days left over the Thanksgiving holiday — it was empty, based on vessel tracking data. It diverted to Cheniere's Sabine Pass terminal in Louisiana, where it loaded a cargo and departed.

In anticipation of the increased production at Corpus Christi, Cheniere asked Williams' Transcontinental Gas Pipe Line to start up early an expansion project that will boost the amount of feed gas available to serve the terminal. The pipeline company said in a filing with the Federal Energy Regulatory Commission on Nov. 19 that it was requesting permission for partial in-service of the Gulf Connector Expansion Project by Nov. 27, so that it would be able to provide the LNG terminal with gas on an interim basis.

Cheniere is working to get its Texas terminal up and running ahead of schedule, amid a flurry of existing and proposed terminal projects that are poised to make the U.S. a much bigger player in the global supply of LNG. Cheniere has five liquefaction trains in operation at Sabine Pass in Cameron Parish, Louisiana. A final investment decision is expected by early 2019 on whether to build a sixth train there. Three trains are under construction at Corpus Christi. Train 1 is producing the first commissioning cargo.

Pipeline construction in Ohio, Pennsylvania tallies over 800 violations

(Reuters; Nov. 28) - Energy Transfer and its Sunoco pipeline subsidiary have racked up more than 800 state and federal permit violations while racing to construct two of the nation's largest gas pipelines, according to a Reuters analysis of government data and regulatory records. The pipelines, known as Energy Transfer Rover and Sunoco Mariner East 2, will carry gas and gas liquids from Pennsylvania, Ohio, and West Virginia, an area that now accounts for more than a third of U.S. gas production.

The violations included spills of drilling fluid, a clay-and-water mixture that lubricates equipment for drilling under rivers and highways; sinkholes in backyards; and improper disposal of hazardous waste and trash. Fines topped $15 million. Energy Transfer also raised the ire of federal regulators by tearing down a historic house along Rover's route. The recent experience of residents and regulators with the two pipelines has state officials in Ohio and Pennsylvania vowing to tighten laws and scrutinize future projects.

Construction of the 713-mile, $4.2 billion Rover started in March 2017 and was planned to proceed at about 89 miles a month, while work on the 350-mile, $2.5 billion Mariner East 2 started in February 2017 and was planned at 50 miles a month, according to company statements. Both were targeted for completion late last year. Regulators and industry experts said the pace far exceeded industry norms. The four other projects examined by Reuters were mostly completed at an average 17 miles a month.

Construction on both pipelines was slowed when state and federal regulators ordered numerous work stoppages after permit violations. Energy Transfer completed the last sections of Rover in November and said it expects to put Mariner East in service soon.

New gas fields could reverse decline in Gulf of Mexico

(U.S. Energy Information Administration; Nov. 26) - Natural gas production in U.S. federal waters of the Gulf of Mexico has been falling for nearly two decades. However, 10 new gas fields are expected to start producing in 2018 and eight more are expected to start producing in 2019, according to the U.S. Energy Information Administration. The new start-ups may slow or reverse the long-term decline in production.

The 16 projects starting in 2018-2019 have a combined gas resource estimate of about 836 billion cubic feet. Marketed gas production in the Gulf of Mexico averaged 2.6 billion cubic feet per day through August 2018, accounting for 4 percent of U.S. output. In 1997, when EIA began collecting Gulf of Mexico production data, production averaged 14.3 bcf per day, accounting for 26 percent of U.S. annual marketed gas production.

The decline in gas production occurred as the number of producing wells in the Gulf of Mexico declined, falling from 3,271 in 2001 to 875 in 2017. The technology and expertise required to produce oil and gas from the seabed is expensive and specialized, and costs of production platforms can often exceed $1 billion. With the growth in exploration and production activities in shale gas and tight oil formations, onshore drilling became more economic relative to offshore drilling, the EIA reported Nov. 26.

LNG imports not likely to reduce domestic gas prices in Australia

(Bloomberg; Nov. 25) - Plans in Australia to import liquefied natural gas to ease a supply squeeze may fail to bring down domestic prices as it pits the nation against some of the world’s biggest LNG buyers. Australia finds itself in the odd position of having to consider projects to import LNG while also being on track to become the world’s biggest exporter of the fuel. The country holds abundant gas in the west, but exports and exploration restrictions in the more-populous east have caused supply to tighten and prices to rise, triggering angst among buyers and pressuring politicians.

Gas users in Australia need to stop hankering for a return to prices in the mid-single digits because it’s not going to happen, said Malcolm Roberts, head of the Australian Petroleum Production & Exploration Association. The upward pricing pressure is expected to continue in the longer term as depleting fields in the Bass Strait offshore Victoria are replaced by onshore gas from the eastern state of Queensland, which is extracted from coal seams and more expensive to produce.

The cost of imported LNG works out about the same as transporting Queensland gas by pipeline, said Saul Kavonic, an analyst at Credit Suisse. That is bad news for customers. But importing LNG is cheaper upfront than the billions of dollars needed to develop new gas fields, said James Baulderstone, CEO at Australian Industrial Energy, one of the LNG import developers. In addition, state bans on unconventional gas exploration are seen by many in the industry as a barrier to bringing new reserves to market.

India hopes trading exchange would help boost use of gas

(Reuters; Nov. 22) - India is working to establish a natural gas trading exchange, Prime Minister Narendra Modi said Nov. 22, as part of a shift away from a reliance on oil-based products that are blamed for much of the country's pollution problem. "We want to increase the use of gas by 2.5 times by the end of next decade," Modi said in New Delhi at the laying of a foundation stone for setting up city gas distribution networks.

India wants to develop a transparent market for gas where the price is determined on an exchange as it aims to increase the use of gas in India's total energy mix from 6.5 percent to 15 percent between 2028 and 2030. Analysts have often pointed out that using natural gas to fuel vehicles and households is cheaper than propane and cleaner than polluting petrol or diesel.

However, it's still hard to persuade people to switch to piped gas as propane cylinders are well entrenched in India and the infrastructure for gas is minimal. As well as uncertainty about cost, there are concerns about the length of time needed to install the infrastructure, including pipelines, which is expected to take two to three years. The prime minister said India is spending 130 billion rupees ($1.84 billion) to set up a gas pipeline to connect eastern India where there is demand but insufficient supply.

Equatorial Guinea moves to enforce local-hire laws

(Reuters; Nov. 22) - Equatorial Guinea has ordered companies to stop doing business with the U.K.-headquartered oil and gas services firm Subsea 7 because the firm failed to comply with local laws aimed at creating more jobs, the Central African country's oil minister said Nov. 22. An oil ministry source warned in September that Schlumberger, Subsea 7 and U.K.-based energy industry services company TechnipFMC faced bans from working in Equatorial Guinea if they did not commit to local content laws.

Gabriel Obiang Lima, minister of hydrocarbons and mines, said he was encouraged by steps taken by Schlumberger and TechnipFMC to comply with the laws. The country of 1.3 million residents has moved to enforce the laws that have been in place since 2014. Oil companies were told in July to cancel contracts with Canadian-based CHC

Helicopter. “Companies operating in the oil sector have an obligation to work within the confines of our very flexible and pragmatic local content regulations,” the minister said.

Operators ordered to stop working with Subsea 7 include Noble Energy, ExxonMobil and Marathon Oil. Oil production in Equatorial Guinea is about 175,000 barrels a day. A liquefied natural gas export terminal went online in 2007 at 3.7 million tonnes annual capacity. A spokeswoman for Subsea 7 said the company was aware of the concerns and “will continue to take proactive steps to engage with the oil companies and government in Equatorial Guinea to ensure these local content concerns are resolved.”

Falling oil prices could push shale drillers to scale back

(Wall Street Journal; Nov. 26) - Plunging oil prices once again threaten to force U.S. shale drillers to pull back on production, just as they were preparing to unleash a flood of crude. U.S. benchmark prices have tumbled more than 30 percent since October and closed Nov. 23 at under $51 — the lowest level in more than a year. Falling prices could force shale drillers to moderate their growth in booming areas such as the Permian Basin in Texas and New Mexico, and the Bakken region of North Dakota. The Bakken pumped a record 1.3 million barrels a day in October, more than Oman or Libya.

As an older field that needs a higher price to be economic, however, the Bakken is a test case for the industry’s ability to weather a steep oil-price fall. Harold Hamm, CEO of Continental Resources, which helped pioneer horizontal drilling and fracking in the Bakken Shale region 15 years ago, said declining prices could alter the company’s spending plans. “I wouldn’t say it doesn’t affect your thinking because it does,” Hamm said earlier this month. “We’re not here to sell our reserves at a marginal cost.”

North Dakota’s Bakken production, which fell off steeply after the 2014 price crash, has been on the upswing this year as companies reinvigorate the field with improved drilling techniques. U.S. drillers are completing their capital budgets for next year, when they are expected to propel American oil production to about 12 million barrels a day. So far, companies haven’t pulled back on 2019 capital-spending plans, but many had been operating on the assumption that oil prices were unlikely to drop below $60 a barrel.

Russia-Saudi cooperation could determine direction of oil prices

(Bloomberg; Nov. 27) - The most powerful partnership in the global oil market — which rescued the industry from a deep slump — faces its toughest test yet when OPEC+ meets Dec. 6-7 in Vienna. Crude has fallen by more than 30 percent, and Saudi Arabia is urging Russia to collaborate in cutting production again. Their alliance successfully revived markets two years ago, but it's unclear if Moscow is on board this time. Russia is feeling less pain than the kingdom from falling prices and may not be willing to help.

"Whether or not the Russians have the appetite to cut back oil production, we have to wait and see," said Rainer Seele, chief executive of OMV, an Austrian company with significant investments in Russia. At stake is not just the price of oil but the political bond between President Vladimir Putin and Crown Prince Mohammed Bin Salman. "If you're Putin, you also have to think about what are you going to gain in terms of soft power," said Helima Croft, commodities strategist at RBC Capital Markets in New York.

It has been two years since Saudi Arabia and Russia first set aside decades of commercial rivalry and ideological differences to forge a 25-nation alliance of oil producers, now called OPEC+. Through 18 months of joint production cuts starting in January 2017, the group cleared an oil glut and boosted prices, ending the industry's worst downturn in a generation. But the partnership is under strain because the group's June decision to boost production decision backfired. As U.S. shale drillers pushed their production to unprecedented levels, the market began to look weaker and prices started a steep fall.

Salvage company has new idea for removing old oil platforms

(Reuters; Nov. 26) - Scottish marine salvage group Ardent is adapting the tanks it used to refloat the Costa Concordia, the cruise ship wrecked off the Italian coast in 2012, to decommission North Sea oil platforms. It is one of several companies trying new ideas to win business in the market for dismantling disused oil platforms. In Britain's aging oil fields alone, the opportunities could be worth up to 17 billion pounds ($21.85 billion) by 2025, according to industry body Oil and Gas UK.

Oil platforms are usually removed piece by piece and taken to the shore using complex vessels. The floating tanks that Ardent used to lift the Costa Concordia could be much cheaper to use to lift and remove the platforms. The idea could be deployed to other maturing fields such as in the Gulf of Mexico and Southeast Asia. Ardent said it needs at least two companies to sign up for a project to get started. But so far Ardent has found it challenging to persuade companies to be the first to sign up. "Everyone is queuing to be second," said Stuart Martin, Ardent's decommissioning director.

With other fields maturing and drying up across the world and some experts expecting demand for oil to peak in the 2030s, the North Sea is a test bed for decommissioning projects. If a company can plug oil wells without leaks and remove thousands of tonnes of steel platforms and pipelines, some 50 years old, in the rough, deep seas between Scotland, England, and Norway, they should be able to do it anywhere.

LNG carrier owner sees tight charter market in years ahead

(Reuters; Nov. 27) - Shipper Flex LNG, controlled by Norwegian-born billionaire John Fredriksen, expects a tight shipping market in the years ahead driven by strong demand and new liquefied natural gas supply coming on stream. The shipper has four LNG carriers on the water and nine under construction for delivery 2019 to 2021. Driven by a nearly 50 percent year-on-year growth in imports to China in the third quarter, LNG carrier charter rates have spiked to an all-time high.

"Rates have more than doubled and are now hovering around $200,000 per day for modern fifth-generation tonnage," Flex LNG CEO Oeystein M. Kalleklev said during a call on the firm's results. "We expect the LNG market to be tight in the years to come, there is a lot of LNG entering the market the next years."

Kalleklev said the four vessels on the water were sold out of charter time for the fourth quarter. "Rates on our vessels in the spot market have risen from $50,000 in the third quarter to $130,000 in the fourth quarter," Kalleklev said, compared with a cash break-even of $50,000 per day. New LNG volumes from Australia, Qatar, and North America will support supply, while South and Southeast Asia will drive demand.

Protestors rally in Calgary in support of oil line project

(Calgary Herald; Nov. 27) – Pipeline supporters descended on the Telus Convention Centre in Calgary on Nov. 27 to voice their frustrations to federal Finance Minister Bill Morneau over the stalled Trans Mountain oil pipeline project. Morneau was in town to meet with the Chamber of Commerce on the heels of Canadian Prime Minister Justin Trudeau's whirlwind trip to Calgary last week, which also sparked a pro-pipeline rally.

Thousands of people gathered outside the Hyatt Regency on Nov. 22 during Trudeau's time in Calgary, forcing police to close roads in the downtown core during one of the largest demonstrations ever seen in Calgary. The Nov. 27 rally was organized by pipeline support group Canada Action. The group's James Robson said it is building off the success of last week's rally and has no intention of staying quiet.

The federal government this year bought the Trans Mountain line and its uncompleted expansion to ensure the project gets done to carry more Alberta oil to an export terminal in British Columbia. The government stepped in after months of political uncertainty, public clashes between the premiers of Alberta and British Columbia, and protests. But the project is now in limbo after a court ruling struck down regulatory approval of the C$7.4 billion expansion. "We have a nationally owned pipeline and we're not seeing a lot of progress, so there's a lot of frustration in the energy sector," Robson said.

TransCanada asks judge to allow Keystone XL pre-construction work

(Bloomberg; Nov. 27) - TransCanada is asking a federal judge in Montana to authorize early work on its US$8 billion Keystone XL oil pipeline even as the decade-long project faces legal challenges. The Calgary-based company has asked U.S. District Judge Brian Morris to clarify or amend his ruling of earlier this month to say that the court injunction does not apply to pre-construction activities, a company spokesman said. That work would allow TransCanada to start construction as early as mid-February.

Without a change to the injunction, the project would likely be delayed, the spokesman said. A yearlong setback would cost the company US$949 million in earnings, according to TransCanada. The 1,200-mile pipeline, which would help move 830,000 barrels of crude a day from Alberta's oil sands to U.S. Gulf Coast refiners, has faced legal holdups amid staunch opposition from environmental groups and some landowners.

Earlier this month, Morris found that the project's 2014 environmental assessment by the Obama administration was inadequate. President Donald Trump used that review in his 2017 decision allowing the project to proceed. Now the government must consider oil prices and greenhouse-gas emissions and formulate a new spill-response strategy before allowing the line to move forward, Morris wrote in the ruling. The State Department has said it expects to publish its final supplemental review in December.