Oil and Gas News Briefs
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OPEC+ will try again Monday to reach consensus

(Bloomberg; July 3) - OPEC and its allies abandoned oil-supply negotiations until July 5 as a rebellion by a key member threatened the unity of the alliance. Talks ended last week without a deal to increase output after the United Arab Emirates stuck to demands for better terms. The impasse risks upsetting the cartel's management of the market's post-pandemic recovery just as consumer nations fret about the impact of higher prices.

Failure to agree on raising output would squeeze an already tight market, potentially sending crude prices sharply higher. But the opposite scenario is also in play: If unity breaks down entirely, a free-for-all would crash prices — as it did during the price war between OPEC+ allies Russia and Saudi Arabia last year. "The current impasse is a clear sign of UAE's intentions: They have a clear mandate to raise production and want to wield wider influence," said Amrita Sen, at consultancy Energy Aspects in London.

The UAE wants to pump more oil to make use of the billions of dollars in investment it has made to expand capacity. Most OPEC+ members support a proposal to gradually add 400,000 barrels a day of production each month starting in August to meet rising global demand. The UAE supports an output hike, but says it is contingent on a change to the baseline used to calculate its own quota, which it argues is unfair and too low. A move to alter the UAE's baseline could allow it to pump an extra 700,000 barrels a day.

"The question is whether OPEC+ will remain cohesive and effective next year," said Bob McNally, president of Rapidan Energy. "And that depends heavily on leaders of Saudi Arabia, UAE, and Russia working out an acceptable compromise over UAE's baseline."

Rising gasoline prices could drive more people to electric cars

(Reuters column; July 1) - Oil prices have a complex impact on new vehicle purchases and fuel economy in the United States that depends on the extent and expected duration of price changes. In general, periods of high and rising oil prices have resulted in consumers choosing to buy smaller, lighter and more fuel-efficient cars and trucks reducing gasoline consumption growth compared with the previous trend.

By contrast, periods of low and falling prices have resulted in consumers choosing larger, heavier, more powerful, and less fuel-efficient vehicles increasing gasoline demand. In the future, however, higher oil prices could have a much larger and faster impact on gasoline consumption because full-electric and hybrid vehicles have emerged as a viable alternative to gasoline-fueled cars and light trucks.

Gasoline-hybrid, full-electric and other alternative-powered vehicles accounted for 11% of all new vehicles produced in 2020, up from just 3% in 2015, according to the EPA. High and rising oil prices are likely to accelerate the adoption of hybrid and electric vehicles as consumers attempt to reduce fuel bills and regulators push for a faster transition away from gasoline-fueled powertrains. If prices spike again over the next few years, regulators, manufacturers and consumers are likely to switch to hybrid and all-electric vehicles much faster, resulting in a permanent loss of oil consumption.

U.S. crude stockpiles falling at fastest rate in decades

(Bloomberg; July 1) - Crude inventories in the U.S. are falling at the fastest rate in decades as demand continues to rebound, prompting a rally in the oil futures market. Over the past four weeks total stockpiles, including the nation's Strategic Petroleum Reserve, have fallen at a rate of 1.15 million barrels a day, the largest four-week decline on a rolling basis in Energy Information Administration data going back to 1982.

The record rate of drawdowns underscores the strength of the U.S. oil demand recovery. Americans are taking to the roads and skies at increasing numbers as the country emerges from months of lockdowns. To meet demand, oil refiners have boosted crude processing to levels only seen before the pandemic. At the same time U.S. drillers have been slow to respond to oil prices, which are up more than 50% so far this year. Domestic crude output is holding at roughly 15% below peak levels early last year.

Further exacerbating the tightness are stockpile levels in Cushing, Oklahoma, the delivery point for West Texas Intermediate oil futures. Inventories in the hub are at the lowest levels in over a year. Analysts are estimating and traders are betting that supplies will drop to multi-year lows by the end of the summer.

Climate activists pressure banks to stop financing oil line

(Bloomberg; July 1) - March 31 looked like it was going to be a busy day. JPMorgan Chase CEO Jamie Dimon's calendar was chock-full of invitations, with more than 1,000 unsolicited meetings all scheduled to cover the same topic: The bank's role in financing an oil pipeline running through Minnesota. The invites had been rolling in since mid-February, with titles such as "Don't Fund Climate Disaster" and "Drop Line 3," the name of the line being funded in part by JPMorgan and built by Calgary-based Enbridge.

Dimon wasn't the only executive invited. Multiple officers, plus several board members, each received thousands of calendar notifications, as well. Eventually their inboxes became so clogged up with diary dates from climate activists — not to mention the tens of thousands of emails the activists sent requesting the bank withdraw funding — that the bank's IT staff intervened. That the protesters' messages could no longer get through to JPMorgan executives meant that their message had gotten through.

The campaigners then turned their focus to America's next largest banks, including Bank of America, Wells Fargo and Citigroup, as well as the Royal Bank of Canada and Toronto-Dominion Bank. "It is a little bit prankish," says Alec Connon, a key organizer of the #DefundLine3 campaign that aims to persuade Enbridge's financial backers to cut ties with the company. "Sometimes something a little creative like that can help us get the attention of very powerful people it can be hard to make pay attention."

The new C$9 billion pipeline to replace an older line will transport 760,000 barrels of oil per day 1,100 miles from the oil sands of Alberta to a storage terminal in Wisconsin. It will cross more than 200 water bodies, including the Mississippi River twice, as well as watersheds, ecosystems and northern Minnesota landscapes. The campaign against it is another chapter in the story of the U.S. and its Indigenous peoples, as the line will affect five Ojibwe tribes with treaty rights to hunt, fish, and gather wild rice in the region.

Company abandons plans for oil pipeline under Memphis

(The Associated Press; July 3) - Environmentalists and activists claimed victory July 3 after a company canceled plans to build an oil pipeline through southwest Tennessee and north Mississippi, and over an aquifer that provides drinking water to 1 million people. Byhalia Connection said it will no longer pursue plans to build a 49-mile artery that would have linked two major U.S. oil pipelines while running through wetlands and under poor, predominantly Black neighborhoods in south Memphis.

A joint venture between refiner Valero and Plains All American Pipeline, Byhalia Connection had said it would bring jobs and tax revenue to the region. It had given to Memphis-area charities and tried to build goodwill in the community. But, in a Securities and Exchange Commission filing July 2, Byhalia Connection said it was canceling the project "due to lower U.S. oil production resulting from the COVID-19 pandemic."

The new line would have linked a pipeline through the Valero refinery in Memphis to the north-south Capline Pipeline. The Capline, which has carried oil from a Louisiana port north to the Midwest, is being reversed to deliver U.S. oil south through Mississippi to refineries and export terminals on the Gulf. Environmentalists, activist groups, property owners, national and local officials, and former Vice President Al Gore opposed the project. They feared a spill would have endangered waterways and possibly fouled the water being pumped out of the ground through wells located along the planned route.

[U.S. propane futures prices double of a year ago]

(The Wall Street Journal; July 1) - Propane has rarely been so expensive this time of year, and prices may have to move higher yet to ensure ample supply for winter when millions of rural Americans rely on the fuel to heat their homes. At hubs in Mont Belvieu, Texas, and Conway, Kansas, propane futures traded June 30 at $1.09 and 95 cents a gallon, respectively — roughly twice their levels during the past two summers.

Retail prices have also risen, though not as sharply. Now is the time of year when many Americans purchase propane for their grills, but those filling up cylinders aren't driving the price gains. Prices have risen because of booming exports, February's freeze and drillers that have eased off production since last year's COVID pandemic lockdown sank energy prices. Those factors — and a lot of outdoor heating during the pandemic — have drawn down domestic propane inventories to 15% below the five-year average.

Analysts said prices might need to climb higher to discourage foreign buyers. Only then is there likely to be enough in domestic stockpiles to supply a cold winter without price surges or even shortages, they say. The U.S. became the world's top propane exporter in 2013, when the shale boom unlocked huge new troves of the easily bottled fuel, which is produced alongside natural gas and as a by-product of oil refining. By 2016, the U.S. was exporting more propane than the next four largest nations combined.

[Coal prices soar 50% as demand grows for power generation]

(Bloomberg; July 1) - Coal prices across Asia are surging to records, underscoring a challenge for governments seeking a faster energy transition: The dirtiest of fuels they're racing to phase out is enjoying booming demand. Power plants are rushing to secure adequate electricity supplies as a hot summer adds to demand from the region's post-pandemic industrial revival. In addition, high natural gas costs mean there's no cheaper alternative for utilities to use.

All that has sparked a coal rally in Asia, the center of demand for the fossil fuel. The price of physical coal cargoes in Australia's Newcastle and China's Qinhuangdao ports have soared more than 50% this year to their highest ever. "Coal prices just keep on punching higher," said Sydney-based Peter O'Connor, an analyst at Shaw & Partners. "We're close to the top in terms of pricing, but I don't think we're there yet."

The rally is highlighting coal's enduring role in the world's energy mix, particularly in Asia's large and growing economies, despite a broader push for more aggressive action to tackle climate change. Coal accounted for more than a third of global electricity generation in 2019, according to BloombergNEF. The top three consumers — China, India and the U.S. — are all forecast to burn more this year.

Developer says Nova Scotia LNG project ‘impractical’

(Reuters; July 2) – Calgary-based Pieridae Energy said it will evaluate options for its proposed Goldboro liquefied natural gas export plant in Nova Scotia, saying pandemic-led disruptions had made the project impractical. The company said July 2 it had not been able to meet the key conditions necessary to make a final investment decision on the project. It did not detail the alternatives it was exploring. Way before COVID, the developer announced the project in 2012, promoting it would be in service by 2018.

"It became apparent that cost pressures and time constraints due to COVID-19 have made building the current version of the LNG project impractical," Pieridae said. The pandemic had unsettled demand for the fuel, forcing companies to delay investment decisions on multiple LNG projects. Pieridae is one of over a dozen North American LNG developers that have repeatedly pushed back decisions to start construction primarily due to lacking long-term deals needed to finance the multibillion-dollar plants.

Pieridae had a 20-year agreement to sell LNG from Goldboro's first liquefaction train — about 5.2 million tonnes per year — to German utility Uniper. But that agreement expired on June 30. It had expired and been renewed five times since it was signed in 2013. The project had been estimated at $10 billion.

Spot-market prices in Asia spike to 8-year-high at $14

(Reuters; July 2) - Asian spot liquefied natural gas prices spiked to an eight-year seasonal high this week, as demand remained robust globally for power generation. The average LNG price for August delivery into Northeast Asia was estimated at about $14 per million Btu, up $1.50 from the previous week, trade sources said. This is the highest spot prices for this time of the year since 2013, Reuters data showed.

Global prices for natural gas are at multi-year highs with high temperatures driving up demand for power generation in the Northern Hemisphere for air conditioning and as traders in some regions replenish stocks ahead of winter. Demand from Latin America was also firm as drought affected Brazil's hydropower, boosting its LNG imports, trade sources said. Buyers in Bangladesh and Pakistan have paid above $13 for cargoes to be delivered in July to meet summer air-conditioning demand, the sources said.

European natural gas futures surge to $12 amid tight supply

(Bloomberg; July 1) - European natural gas futures have surged to a record, becoming the latest energy market to add to inflation concerns as the world emerges from more than a year of global pandemic. Benchmark Dutch gas futures surged to an all-time high on July 1 as Europe faces a severe supply crunch. Prices surged almost 90% this year after a colder- and longer-than usual winter left storage sites depleted. Russia is also delivering less of the fuel through a pipeline across Ukraine, a key transit route to Europe.

Global energy prices are climbing as economies recover and more people get vaccinated, boosting demand for everything from power to gasoline. Dutch gas futures were $12 per million Btu this week. Consumers are set to face hefty bills this coming winter, with countries like the U.K. raising the cap on how much utilities can charge consumers and Spain moving to cut energy taxes.

“European gas prices have surged in recent weeks amid supply constraints, with Russia holding back exports to Western Europe despite strong demand,” said Daniel Hynes, a senior commodity strategist at Australia & New Zealand Banking Group. “The region is still recovering from the harsh winter’s drain on inventories.” Gas inventories in Europe are already at the lowest level in more than a decade for this time of year, and supplies aren’t ramping up fast enough.

Japan will lose top spot to China among LNG buyers

(Nikkei Asia; July 1) - China is on track to overtake Japan as the world's largest buyer of liquefied natural gas, yet another sign of Beijing's economic ascendance and the relative decline of Tokyo's standing. Chinese LNG imports are projected at 75.5 million tonnes this year, according to analytics firm Rystad Energy, edging out Japan's 75.1 million. Japan has been the world leader in LNG purchases for the past half century.

Japan’s market has matured and topped out. Over the past few years, utilities and gas companies have shortened LNG contracts at smaller volumes. Meanwhile, deals in China are expanding along with its economy, with some purchasers agreeing to contracts lasting over a decade with substantial import volumes. Japan’s reduced dependence on imports may be seen as a positive development, but that comes with a cost. Ceding the top spot among LNG buyers also erodes Japan’s bargaining power.

For example, a 25-year LNG contract Qatar signed with seven Japanese power and gas companies is set to expire at the end of the year — it covers nearly 10% of Japan’s annual LNG imports by volume. But negotiations to renew the contract have run into complications due to uncertainty over Japan’s demand. Meanwhile Qatar is interested in a more lucrative client. "Qatar is not really offering Japan good contractual terms," said an executive at a Japanese power and gas company, speaking about the negotiations.

[Qatar signs up another 10-year LNG supply deal with China]

(Doha News; Qatar; July 1) - Qatar Petroleum is set to supply an additional 1 million tonnes per year of liquefied natural gas to China after signing a 10-year contract with Shell. The newest deal means that Qatar will supply 12 million tonnes per year of LNG to China under long-term deals. Deliveries will start in January 2022 to various terminals in China, which is set to become the world's largest LNG importer in 2021.

Under the deal with Shell, the LNG will come from the QatarGas 1 project. QP operates the joint-venture project, at 10 million tonnes per year capacity, with TotalEnergies, ExxonMobil, as well as Japanese companies Marubeni and Mitsui. QP is set to be the sole owner of QatarGas 1 at the start of 2022, when its joint-venture agreement expires.

China's LNG demand continues to grow, leaving suppliers, such as Qatar, with an opportunity to benefit from the growing demand. China has been seeking to diversify its import sources as it has become more reliant on Australian LNG the past few years. In March, a 10-year deal was signed between QP and China Petroleum & Chemical Corp. (Sinopec), at 2 million tonnes per year of LNG delivered to Sinopec's terminals starting in January 2022. It was QP's first long-term deal with the major Chinese LNG importer.

[Argentina will boost LNG imports to cover for lack of domestic gas]

(Reuters; June 30) - Argentina, which had steadily dug itself out of a deep energy deficit to post a slender surplus last year, is set to sink back into an energy hole this year that could reach $1 billion due to local natural gas shortfalls driving the need for expensive liquefied natural gas imports. The South American country, home to the huge but underdeveloped Vaca Muerta shale formation, has seen a two-speed rebound from the coronavirus pandemic with oil production soaring but gas output stalled.

Oil output rebounded faster, helped by policies including a higher local price that benefitted producers, while a freeze on domestic gas prices — where the fuel is used for cooking and heating — pushed firms away from investing in gas production. Former energy officials and analysts said moves to revive gas production came too late for winter demand, driving the need for imports that saw Argentina add a second regasification unit in the port of Bahia Blanca to receive liquefied natural gas cargoes.

"It was too late to get the gas for the (Southern Hemisphere) winter," said Jose Luis Sureda, the country's former secretary of hydrocarbon resources. "All of 2020 there was no activity. All the fracking equipment positions in Neuquen were dismantled," he said. Daniel Dreizzen, a former secretary of energy planning, estimated that the energy deficit would end the year at close to $1 billion, taking dollars out of central bank as the country tries to revive a recession-hit economy and replenish foreign currency reserves.

[FERC staff unable to determine pipeline impacts on climate change]

(S&P Global Platts; June 28) - The Federal Energy Regulatory Commission has released the draft of a climate review of the pending Columbia Gulf Transmission pipeline in Louisiana, finding once more that agency staff could not draw conclusions about the significance of gas projects' contributions to climate change. The pipeline developer's eight-mile East Lateral XPress is one of five pending gas lines that received a May 27 notice from FERC, saying the regulator planned to perform additional environmental assessments of their potential contributions to climate change.

The draft environmental impact statement issued by FERC on June 25 marked the third draft review issued for projects receiving the additional consideration of climate-change impacts. The conclusions reached by FERC staff are similar in the other draft reviews released so far, underscoring the uncertainty for developers of gas projects as the regulator develops its approach to assessing climate-change impacts.

"Commission staff conclude that construction and operation of the project would not result in significant environmental impacts, with the exception of climate-change impacts, where FERC staff is unable to determine significance," the draft review for the project said. FERC Chairman Richard Glick has defended the climate reviews, saying they will strengthen the legal durability of decisions and it remains up to commissioners to work out how to determine the significance of projects' impacts to global warming.

[Report says California crude dirtier than imported oil]

(KQED, San Francisco; June 29) - A new analysis from an environmental advocacy group highlights a dirty secret about California-produced oil: It is responsible for higher carbon emissions than the oil the state imports. Scientists with the Center for Biological Diversity examined the carbon intensity of the crude supplied to California refineries and released their analysis June 28, showing that producing gasoline from heavy crude oil drilled in places like Kern County takes a lot of energy and creates a lot of pollution.

They found that the carbon intensity of oil produced in California has climbed by 22% since 2012. “California’s oil is getting dirtier and heavier, heating the planet more and requiring more polluting methods to extract it,” John Fleming, the report’s lead author, said in a statement. “The idea that California oil is somehow cleaner or climate-friendly is ludicrous.” The report tracks with similar statistics released by California regulators.

“We know that as you get to the bottom of the barrel, more and more unconventional fuels, from light sweet crude to heavy crude — which California produces a lot of — to tar sands, it takes more effort to make gasoline,” said Dan Kammen, an energy professor at UC Berkeley who helped the state craft its fuel standards more than a decade ago. “More effort means more energy. It means more pollution. It also typically means removing more impurities, all of that adds up to a dirtier and dirtier product.”

Chevron looks to sell $1 billion in Permian assets

(Reuters; June 30) - Chevron is looking to sell two collections of conventional oil and gas fields in the Permian Basin valued at more than $1 billion combined, three sources told Reuters. Chevron confirmed that it is marketing conventional assets in the Permian Basin, but did not specify the value of the assets. U.S. oil futures have soared more than 50% so far this year, prompting companies to try to sell assets in Permian Basin of Texas and New Mexico, the country's largest oil field.

Chevron is looking to sell lower-value assets, while some majors, like Shell are considering exiting the formation entirely. Shell is looking to exit the Permian to invest in energy transition, while Chevron's focus is investing in its highest-performing assets. Chevron has retained an investment bank to market some Permian oil and gas fields valued at $879 million and has additional assets of more than $200 million available for sale elsewhere in the basin, the sources said.

The assets are operated by Chevron and Occidental Petroleum and span 57,000 net acres with production of about 10,100 barrels of oil equivalent per day. Chevron has been evaluating other assets in the Permian and elsewhere, one of the people said, and could sell older assets this year as it looks to boost investments in energy transition.

Higher oil prices help companies looking to sell assets

(Reuters; July 1) - Oil companies are betting that if they sell land, buyers will come, as crude prices have soared more than 50% this year, fueling the most robust list of deals in more than four years. Large oil companies are unloading properties from Texas to California, with some using the market rally as a chance to rake in cash for investment in the global transition to cleaner energy. Others are looking to profit when just a few months ago properties were being sold at a loss, according to advisers and analysts.

"In greed versus fear, last year fear was the factor. Greed is creeping in now," said Dan Pickering, chief investment officer at Pickering Energy Partners. "There is more optimism in the market, there is a little more greed from the seller's perspective, there is a little more urgency from the buyer's perspectives." Still, some buyers may struggle to secure financing. Some private-equity firms that once loomed large in oil transactions have headed to the sidelines under investor pressure about climate change, while European banks have also largely pulled out of lending to oil companies.

Among the largest sellers are the majors, including Shell, BP and Chevron. Early this year, big players — like Norway’s state-run Equinor — were finding fewer buyers, as the company had to sell its position in North Dakota's Bakken shale region for $900 million, roughly one-fifth of the value of its purchase there a decade ago. Now companies see a better outlook for possible sales. And while some are motivated by an opportunity to unload underperforming assets at a profit, others, like Shell, are selling in an effort to cut back on carbon emissions under pressure from investors and government regulations.

Nigeria close to long-awaited oil and gas overhaul legislation

(Reuters; July 1) - Both chambers of Nigeria's parliament have passed a bill that overhauls nearly every aspect of the country's oil and gas production, putting an effort that has been underway for 20 years one step closer to presidential sign-off. Legislators have been hashing out details of the bill since President Muhammadu Buhari presented an initial version in September. Lawmakers had been expected to vote clause by clause on the more than 400-page report, but instead quickly voted on the package.

Each chamber made some changes before approving it, meaning they will need to meet again to hash out the details, which members said would begin next week before it is submitted for presidential sign-off. Observers say its approval is essential to attracting a shrinking pool of capital for fossil fuel development.

The last key controversies relate to the share of wealth for communities in areas where petroleum is produced, and those in the northern and central parts of Nigeria where there is exploration but no production yet. A copy of a report submitted to parliament and seen by Reuters proposed the share of regional oil wealth generated from production that host communities can claim would increase from 2.5% to 5%. The communities had pushed for a 10% share.

Australia’s oil industry fights levy to pay cleanup costs

(Reuters; June 28) - Australia's oil lobby group on June 28 slammed as "extreme" the amount the government has proposed as a levy on all of the country's offshore oil producers to cover the cost of decommissioning an offshore field. The levy was announced in May, catching the industry by surprise, but the details on the per-barrel charge were not revealed. However, a discussion paper posted on the Department of Industry website June 24 said a per-barrel charge of A$0.48 ($0.36) would be imposed.

"To slug an entire industry A$0.48 per barrel and not put an end date on it is over the top," said Andrew McConville, chief executive of the Australian Petroleum Production and Exploration Association. The levy, to apply from July 1, is being imposed to cover the cost of removing facilities and rehabilitating the Laminaria-Corallina oil fields in the Timor Sea after the fields' owner, Northern Oil & Gas Australia, collapsed in 2019.

A spokesman for the resources ministry said discussions with industry on the levy are due to continue. The government has not said how much it expects decommissioning to cost, but analysts have said it could be well above an early estimate of A$250 million ($190 million). McConville said the government should look for other ways to recover the costs. Australia's offshore oil producers, including Chevron, ExxonMobil, and Shell, have all said they oppose paying the levy when they never had a stake in the fields.

Novatek considers wind power to help run Yamal LNG operation

(Upstream; June 28) – The Novatek-led Yamal LNG plant is considering adding wind power to its existing gas-fired generation as it aims to drive down its carbon emissions. The existing generating station provides electricity and heat to the LNG plant near the port of Sabetta in West Siberia. Moscow business daily Kommersant reported that Denmark's Vestas is a potential partner in the wind project, which aims to reduce the carbon footprint of Yamal LNG as its gas customers become more carbon conscious.

The wind power plant would be expected to provide maximum output of 200 megawatts — about half of the current capacity of the generating facilities at Sabetta. In June, Russia's largest oil producer Rosneft said it had signed an agreement on cooperation in wind power generation with Vestas, aiming to use the latter's expertise and equipment for its own ambitious multibillion-dollar Vostok Oil project in East Siberia.

Saudis say it will take to 2030 to develop blue hydrogen market

(Bloomberg; June 27) - Saudi Aramco has outlined plans to invest in blue hydrogen as the world shifts away from dirtier forms of energy, but said it will take at least until the end of this decade before a global market for the fuel is developed. "We're going to have a large share" of the market for blue hydrogen, Aramco's chief technology officer, Ahmad Al-Khowaiter, said in an interview with Bloomberg Television on June 27.

"The scale-up isn't going to happen before 2030. We're not going to see large volumes of blue ammonia before then," he said. Hydrogen is seen as crucial to slowing climate change since it emits no harmful greenhouse gases when burned. The blue form of the fuel is made from natural gas, with the carbon emissions generated in the conversion process being captured. The hydrogen is sometimes converted again into ammonia to allow it to be transported more easily between continents.

Aramco, the world's biggest oil company, sent its first shipment of blue ammonia in September to Japan, in a pilot project to show the fuel could be exported. Aramco will decide on further shipments depending on the level of demand, Khowaiter said.

BP sees hydrogen-fueled energy as a growth industry

(Natural Gas Intelligence; June 28) - Hydrogen has the power to "reinvent" natural gas, and BP is looking to take the lead in the transition, a top executive said earlier this month. BP's economics team and the International Energy Agency are forecasting a big role for hydrogen in the transition from fossil fuels to alternative energies. BP Executive Vice President Dev Sanyal, who oversees the company's gas and low-carbon energy business, discussed BP's vision during the virtual Hydrogen Energy Dialogues session.

"BP's own analysis shows that hydrogen could have more than a 15% share in total global energy consumption by 2050," Sanyal said. Electrification also should increase over the next few decades. "As this takes place, hydrogen can offer a reliable role by providing energy to activities which are difficult or costly to electrify," he said. "Put simply, hydrogen has a key role to play in decarbonization of hard-to-abate, energy-intensive heavy industries."

For BP, there's no either-or, as blue and green hydrogen would make the cut. Blue hydrogen is produced using natural gas with the carbon emissions sequestered. Green hydrogen is produced only using renewables. "Importantly, the production of blue hydrogen helps overall global supplies of hydrogen to grow relatively quickly," Sanyal said, "without relying too heavily on renewable energy, which needs time to gain a significant share of the overall energy mix."