Oil and Gas News Briefs
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IEA says supply growth easing pressure on oil markets

(Bloomberg; Nov. 16) - The tightness in global oil markets that propelled prices to a seven-year high is starting to ease as production recovers in the U.S. and elsewhere, the International Energy Agency said. Demand growth remains robust, but supply is catching up and changes in oil stockpiles seen in October suggest "the tide might be turning," according to the IEA's monthly report. If the forecast proves correct, it would provide relief for consumers suffering the consequences of energy price inflation.

"The world oil market remains tight by all measures, but a reprieve from the price rally could be on the horizon," the Paris-based IEA said in its monthly report. "Production in the U.S. is ramping up in tandem with stronger oil prices." Global oil output increased by 1.4 million barrels a day last month, and will add as much again over November and December as the Gulf of Mexico restores supplies halted by Hurricane Ida.

American shale drillers are also taking advantage of higher prices to bolster drilling. Those extra barrels are coming onstream as the OPEC+ alliance continues to slowly revive exports that it halted during the pandemic, the agency said. The IEA has bolstered its forecast for U.S. production in the fourth quarter by 300,000 barrels a day, and for next year by 200,000 a day. American output will climb by 1.1 million barrels a day in 2022, accounting for 60% of the growth outside the OPEC+ coalition.

Permian on track to exceed pre-pandemic production record

(Reuters; Nov. 15) - Crude oil production from the Permian Basin, the largest U.S. oil field, is set to surpass its pre-pandemic record in December, a swift turnaround that has not been replicated in the country's other oil regions. Oil output from the Permian, located in Texas and New Mexico, is forecast to reach a record 4.953 million barrels per day in December, as output has come back with the surge in economic demand.

The Permian is the primary driver of U.S. output, and its percentage of U.S. overall production is even higher now than at the end of 2019, when the United States was producing 13 million barrels a day. December's forecast Permian production will surpass the previous record of 4.913 million barrels per day set in March 2020, according to a monthly forecast from the U.S. Energy Information Administration.

U.S. total oil output dropped by more than 2 million barrels a day in 2020 due to coronavirus-induced demand destruction. Production has returned gradually, but with numerous other oil fields, such as the Bakken in North Dakota, still far from their peak production levels. "Permian Basin wells tend to be the most prolific wells compared to other basins, so if you have more limited capital, you would go there first," said Andrew Lipow, president of consultancy Lipow and Associates in Houston.

OPEC expects oil market could switch to oversupply in December

(Bloomberg; Nov. 16) - OPEC said the global oil market will switch from being under- to oversupplied as early as next month as the economic rebound from the coronavirus pandemic falters. That outlook means OPEC is justified in only raising production gradually, according to Secretary-General Mohammad Barkindo. The comments are another signal that OPEC and its partners will continue resisting U.S. pressure to pump faster, and will stick to their strategy at their next meeting in early December.

“It’s a very fragile recovery,” Barkindo said. “All this uncertainty further buttresses our commitment that we keep our hands firmly on the steering wheel.” He said global oil stockpiles have been rebuilding for the past six weeks. OPEC+ will probably stick to its strategy of gradually raising oil output, according to the Riyadh-based International Energy Forum (IEF). The group is unlikely to change course before next year, it said.

“I don’t see any changes,” Joseph McMonigle, secretary-general of the IEF, said. “Some of the ministers are saying they may revisit the plans in the next quarter to accommodate any changes in the market.” Most of the 23 members of OPEC+, which includes Russia, are satisfied with the current plan. “They don’t like to get in front of things, they like to respond to things,” McMonigle said. “They have to act on consensus, and I think it would be extremely difficult to reach another deal.”

U.S. asks other nations to coordinate release of oil stockpiles

(Reuters; Nov. 17) - The Biden administration has asked some of the world's largest oil-consuming nations — including China, India and Japan — to consider releasing crude stockpiles in a coordinated effort to lower global energy prices, according to several people familiar with the matter. The unusual request comes as President Joe Biden fends off political pressure over rising gasoline prices and other consumer costs.

It also reflects U.S. frustration with members of the Organization of the Petroleum Exporting Countries and its allies which have rebuffed repeated requests from Washington to speed up their production increases. "We're talking about the symbolism of the largest consumers of the world sending a message to OPEC that 'you've got to change your behavior,’” one of the sources said.

Biden and top aides have discussed the possibility of a coordinated release of stockpiled oil with close allies including Japan, South Korea and India, as well as China, over the past several weeks, sources said. Tokyo responded positively to the outreach, according to one of the sources. It wasn't immediately clear how others had responded.

U.S. oil producers making more money than since start of shale boom

(Bloomberg; Nov. 15) - America's Republican-leaning oil industry has little political will to help President Joe Biden lower energy prices by raising production. But there's another reason why Texas wildcatters are refusing to help: The status quo is just so profitable. U.S. oil explorers are making more money than at any time since the shale revolution began over a decade ago, according to Deloitte.

After effectively subsidizing consumers through the 2010s with break-neck drilling that depressed global oil prices, the shale industry appears to have struck a winning formula: Moderating production, limiting reinvestment in new wells and shaving debt. Crucially, executives now understand that any output growth must be carefully measured, and not take market share from OPEC and its allies, for fear of sparking repeats of the bruising price wars of 2014 and 2020.

U.S. oil production remains about 12% below where it was in February 2020 in the early days of the pandemic, according to Department of Energy data. "Public-company investors just don't want to see companies spend a ton of money only to slam the price," said Nick O'Grady, chief executive officer of Northern Oil & Gas. "It becomes self-defeating. And that's the experience of public investors for the last 10 years."

There are no regulatory or legislative hurdles standing in the way of U.S. shale oil drillers from increasing supplies. Private oil producers, unburdened by investor demands, have expanded rig fleets at a startling pace this year and now account for most of the country's growth in crude production. Publicly traded companies, meanwhile, are unwilling to budge from austerity programs popular with investors.

Bakken shale oil not 'a growth engine anymore'

(Financial Times; London; Nov. 15) - The Bakken oil field in North Dakota, the birthplace of America's shale oil boom a decade ago, is struggling to recover from last year's market crash even as crude prices have surged back to $80 a barrel. It reflects a broader slowdown in growth from the U.S. oil patch as companies hold down spending in a bid to redirect the windfall of cash from higher prices back to shareholders.

But analysts say the Bakken faces a bleak future after years of intensive drilling. Oil producers in the Bakken are running into the "geological reality" that after a decade of rapid development "most of the best wells have been drilled," said Clark Williams-Derry, an analyst at the Institute for Energy Economics and Financial Analysis. "It helps to explain why the industry in the Bakken is sort of flatlined."

The dwindling number of high-quality wells left to drill — those that can produce high volumes of oil for relatively low cost — will make it difficult for Bakken producers to get output back to pre-pandemic levels, said Williams-Derry. There are about half the number of rigs drilling for oil as there were in 2019, and output is hovering around 1.1 million barrels a day, far below its pre-pandemic peak of 1.5 million.

"Nobody's viewing the Bakken as a growth engine anymore," said Steve Diederichs, a vice president at consultancy Enverus. In addition to fewer high-quality well prospects, persistently high levels of flaring — when unmarketable natural gas is burned off at well sites — has also led some operators to turn away from the basin. "The easiest way to clean up your emissions profile is to divest your dirtiest assets," Diederichs said.

CEO of Italy's Eni says $100 oil possible, due to lack of investment

(Bloomberg; Nov. 14) - Italy's Eni said oil prices may rise to $100 a barrel due to a lack of investment among energy companies, though only for a short time. "Maybe it can reach that," CEO Claudio Descalzi said on Nov. 15. "But not for a long time. When the price is that high," it would lead to consumers cutting back on energy use. Crude has soared around 60% to more than $80 a barrel this year as economies recover from the coronavirus pandemic and the OPEC+ group of major producers restricts supply.

Russian President Vladimir Putin said last month that $100 oil is "quite possible," while Bank of America thinks it might even reach $120 by June. High prices are stoking inflation. President Joe Biden, concerned by gasoline prices climbing to a seven-year high in the U.S., is putting pressure on OPEC+ to increase its output faster.

"This price is structurally strong because of the weak supply," Descalzi said in Abu Dhabi, where he's attending the ADIPEC oil and gas conference. "For seven years or more, the sector hasn't invested enough. We are investing more or less 50% of what we invested in 2013." Global oil consumption is approaching 100 million barrels a day, he said, or close to record highs. "There is a gap between supply and demand," Descalzi said. "It'll take some time before oil companies start investing again."

U.S. Gulf of Mexico lease sale draws bids on 308 of 15,000 blocks

(The Hill; Nov. 17) - The Biden administration on Nov. 17 auctioned off millions of acres in the Gulf of Mexico for oil and gas drilling, its first lease sale since taking office. The administration initially wanted to institute a temporary pause on selling leases, but a court halted its moratorium, forcing it to begin auctioning off areas. Nevertheless, the sale garnered ire from environmental advocates and some Democrats, who said the department should have modified it or waited for the results of an appeal.

The sale put up about 80 million acres for lease, but only 1.7 million were actually leased, with companies placing bids on just 308 out of about 15,000 blocks. Thirty-three companies participated in the sale. The firms will pay a total of nearly $192 million to drill in the water, in addition to royalties for what they extract. Many of the blocks went to major players in the industry, with ExxonMobil bidding on more than 90, Chevron placing more than 30 bids and BP placing nearly 50 bids.

It's not clear what changes, if any, will be implemented as a result of the Biden administration's review of the federal oil and gas lease program, but Interior Secretary Deb Haaland has repeatedly called for taxpayers to receive a fair return on their investment. The effort to put a hold on new lease sales met with a backlash from congressional Republicans, and more than a dozen GOP-led states sued the administration. That led to a preliminary injunction that found "substantial likelihood" the executive branch lacks the authority to pause offshore oil and gas leasing.

Russia's Lukoil submits development plan for Iraqi oil field

(Argus Media; Nov. 14) - Russia's Lukoil has submitted a preliminary development proposal for a new oil field in the south of Iraq that could eventually see output grow to 250,000 barrels per day, Iraq's oil ministry announced. The Eridu field was discovered in 2017 after it was awarded to a consortium of Lukoil and Japan's Inpex in 2012. "Preliminary expectations … indicate reserves of between 7 billion to 12 billion barrels," and proposed peak production at 250,000 barrels per day, the ministry said Nov. 13.

Lukoil said in July it had secured permission from the oil ministry to start early oil production at the field. Lukoil is also the operator of the West Qurna 2 field, where it aims to double capacity to 800,000 barrels per day by 2027, two years later than previously planned. The company had been in talks with Baghdad to reduce its 75% operating stake the field, but the sale was vetoed by the oil ministry.

While it will continue with the development, Lukoil is still negotiating better terms under its technical-service contract for further development of West Qurna 2, especially for the deeper and geologically complex Yamama formation reserves.

China and India have added more coal power than any other nation

(Bloomberg; Nov. 15) - There's a reason India and China defended coal's future at the U.N. climate summit: No nations have added more coal-fired power plant capacity in the past decade than these major emitters, which are mining a combined 14 million tons a day of the dirtiest fossil fuel. Coal not only remains crucial to their current energy needs, but it looks set to have a role for decades to come. That's even as the giants install huge volumes of renewables and chase targets to zero out greenhouse gas emissions.

The global pipeline of coal power under development rose last year, the first advance since 2015, driven by a wave of proposed new facilities in China, according to Global Energy Monitor. India's government forecasts that the country's coal plant capacity will grow to 267 gigawatts by 2030 from 208 gigawatts now. Typically, new coal-fired plants would be expected to operate for at least 30 years, cementing the fuel's role in the global energy mix beyond the middle of the century.

Meanwhile, coal mines in China and India have been ramping up production in recent weeks to ease a supply crunch that's caused power shortages and curbs on industrial activity. Coal's share in global electricity generation fell in 2020 to 34%, the smallest in more than two decades, though it remains the single largest power source, according to BloombergNEF. In China, it accounted for about 62% of electricity generation last year. For India, coal is even more important, representing 72% of electricity generation.

U.S. shipping out 10% of gas production as LNG exports

(S&P Global Platts; Nov. 15) - U.S. LNG export terminals are running at full throttle even as a tight global market sends domestic natural gas prices to their highest in years. World buyers are desperate to find LNG cargoes, sending prices skyrocketing during a global energy crisis triggered by a combination of factors, including a gas shortage as demand rebounds from the pandemic. The U.S. over the past five years has become one of the top three LNG producers in the world.

Natural gas experts say the U.S. may have reached an inflection point in its rise as an LNG producer, where exports are not just an outlet for a glut of domestic natural gas but a driver of higher domestic prices. At the same time, U.S. gas producers have refrained from increasing output in response to the price signals, largely complying with investors' demands to put profits before production. The run-up in prices has fueled a fresh debate about the role of LNG exports in U.S. markets and as a fuel in the energy transition.

"Gas as a transition fuel makes a lot more sense when gas is cheap and available," said Erin Blanton, a senior scholar at Columbia University's Center on Global Energy Policy. U.S. benchmark Henry Hub gas prices closed at just under $5 per million Btu on Nov. 9, up from about $2.86 a year earlier. In the U.S., high prices have prompted some power plant owners to consider ramping up other sources of generation such as coal. Federal regulators have warned of potential price spikes and supply shortages in the Northeast.

U.S. LNG exports are not the sole reason for the run-up in domestic prices, although the Federal Energy Regulatory Commission flagged a 21% year-over-year growth in LNG exports as a primary driver. Total gas deliveries to the six major operating LNG export facilities were about 11 billion cubic feet per day on Nov. 9, according to S&P Global Market Intelligence, more than 10% of U.S. gas production.

Exxon looking to sell Barnett Shale properties in Texas

(Reuters; Nov. 16) - ExxonMobil on Nov. 15 launched a sale of its oil and gas properties in the first major U.S. shale gas field, a spokesperson confirmed, as part of a reshuffling to focus on more lucrative assets. The top U.S. producer set a goal three years ago to raise $15 billion from asset sales, and has put several international and U.S. assets on the market as energy prices have recovered from the pandemic-induced slump.

It will open a data room on Nov. 18 for its Barnett Shale holdings that include 2,700 wells across about 182,000 acres in North Texas, home of the first horizontally drilled shale wells. Exxon spokesperson Sarah Nordin confirmed the sale process. Production operations will continue normally during the marketing process, Nordin said. There has been no agreement reached on a sale and no buyer was identified, she said.

The producing properties are valued at between $400 million and $500 million, according to a person familiar with the matter. Bids are due Dec. 21 and Exxon aims to close any sale in January. The properties' shale gas production has declined by half since 2016, to around 227 million cubic feet per day in the first half of this year, according to a marketing document seen by Reuters. The wells were among natural gas properties that Exxon last year said it wanted to sell.

Mozambique offshore LNG project start-up expected second half 2022

(LNG Global; Nov. 15) - Eni held the naming and sail-away ceremony for the 1,417-foot-long Coral-Sul floating LNG production and storage facility at the Samsung Heavy Industries shipyard in South Korea. The vessel will be towed and moored at its operating site in the Rovuma basin offshore Mozambique. Production start-up is expected in the second half of 2022. The Coral South project achieved final investment decision in 2017. Fabrication and construction activities started in 2018.

Coral-Sul FLNG has a gas liquefaction capacity of 3.4 million tonnes per year and will tap into almost 16 trillion cubic feet of gas from the Coral reservoir, located in the offshore Rovuma Basin. Area 4 of the Rovuma Basin is 31 miles offshore and spans 5,405 square miles. Area 4 is operated by Mozambique Rovuma Venture, a joint venture owned by Eni, ExxonMobil and China National Petroleum Corp., which together hold a 70% interest in the exploration and production concession contract.

In addition, Portugal’s Galp, Korea Gas and Mozambique’s Empresa Nacional de Hidrocarbonetos each hold a 10% interest in Area 4. Eni is the offshore operator and is leading the construction and operation of the floating facility. The production ship reportedly cost $2.5 billion, with additional field development costs. Coral South will be the first LNG development in Mozambique; two land-based projects are delayed while the government attempts to stem violence by insurgents in the countryside.

Iraq plans to boost gas output, attract foreign investments

(S&P Global Platts; Nov. 14) - Iraq will start developing the Akkas gas field in an initial stage to pave the way to attract foreign investments, the oil ministry said Nov. 13, as OPEC's second-biggest oil producer seeks to boost its natural gas output. State-run Iraqi National Oil Co. discussed during a meeting its plans to operate the Akkas field in the Western Desert in al-Anbar province, the ministry said in a statement.

South Korea's state-run Korea Gas signed a deal in 2011 to develop Akkas, but the Islamic State militant group seized the field during its occupation of swaths of Iraq during the 2014-2017 war, before Iraqi forces recaptured the field. Akkas, the country's largest non-associated gas field, can produce 400 million cubic feet per day of gas, Hamed Younis, a deputy oil minister, told S&P Global Platts in June 2020.

Iraq also has been seeking help from international oil companies to capture associated gas. The majority of Iraq's gas output is pumped with oil and the associated gas is mostly flared. Iraq was the world's second-worst flaring nation after Russia in 2020, according to the World Bank. Iraq's state-owned South Gas Co. and Baker Hughes plan to develop a gas recovery project (200 million cubic feet per day) in the south following a three-year delay, Iraqi Oil Minister Ihsan Ismaael said Sept. 19.

Analysts warn Australia LNG plants could hit empty by 2050

(Australian Financial Review; Nov. 15) - Government forecasts of continuing LNG exports from Australia through 2050 despite net-zero goals are too optimistic, given that the gas reserves underpinning those exports will be exhausted by then, analysts at EnergyQuest said. Estimates by the International Energy Agency and Morgan Stanley are also too bullish based on existing reserves, according to the consultants’ analysis.

“In the absence of new fields and new projects, Australian LNG exports in 2050 are likely to be zero in 2050,” EnergyQuest said. “This is not because of net-zero (emissions goal) or potential lack of demand, but because of insufficient developed natural gas reserves.” The Woodside-managed North West Shelf venture, the country’s oldest LNG exporter, could run out of reserves by 2028, followed by Chevron’s Wheatstone by

2033, Shell’s Prelude and Santos’ Darwin LNG by 2044, and Inpex’s Ichthys, Chevron’s Gorgon and Woodside’s Pluto and Scarborough by 2049, the firm said.

EnergyQuest’s findings consider recent downgrades in gas reserves at Woodside’s Wheatstone fields and at Pluto, which analysts have calculated will shorten the lives of those fields by several years, which has raised concerns about potential further write-downs to come at other Woodside fields. EnergyQuest said that unless undeveloped gas fields are explored and developed, “Australia runs the risk of going from hero to zero, with 10 empty LNG projects in less than 30 years.”

Woodside sells 49% stake in Australia LNG plant expansion

(Reuters; Nov. 15) - Australia's Woodside Petroleum on Nov. 15 took a big step toward funding its biggest growth project, announcing the sale of a 49% stake in the planned expansion of its Pluto liquefied natural gas plant in Western Australia. The country’s biggest independent oil and gas firm said it had agreed to sell a stake in its second liquefaction unit at Pluto LNG to private-equity firm Global Infrastructure Partners.

Woodside has been looking for nearly two years to lock in the sale of the stake ahead of making a final investment decision by Dec. 15 on the $12 billion combined Scarborough gas project and Pluto LNG expansion, which will liquefy gas from the Scarborough field for export. Under the agreement, the new partner will pay its 49% share of the $5.6 billion construction cost of Pluto Train 2, plus a further $835 million. The LNG terminal started operations in 2012.

"The sale of the interest in Pluto Train 2 is a significant milestone as we progress toward a final investment decision on our Scarborough development, further derisking this globally competitive investment," Woodside CEO Meg O'Neill said in a statement.

Vietnam plans first LNG imports next year

(S&P Global Platts; Nov. 15) - Vietnam's state-controlled PV Gas plans to import its first LNG cargo in 2022 as construction of its receiving terminal is well under way, it said in a statement released Nov. 12. The company began construction of the terminal at Ba Ria-Vung Tau province in October 2019. Currently, 90% of the work at the project has been completed, with PV Gas targeting to put the terminal into operation by the third quarter of 2022, with a capacity to receive 1 million tonnes per year of LNG.

Associated projects, such as the LNG fueling station at Thi Vai and the pipeline connecting the Thi Vai terminal and Phu My Industrial Park in Ba Ria-Vung Tau, are in progress, PV Gas said. Power plants will consume roughly 70% of the LNG volume, with the remainder used by other consumers such as petrochemical and industrial plants as well as transport vehicles. PV Gas has signed six sale and purchase agreements with foreign LNG suppliers, it said, without providing any names.

Companies plan carbon capture project linked to Texas LNG plant

(Houston Chronicle; Nov. 16) - Talos Energy said it plans to develop what could become the first carbon capture and storage facility on the U.S. Gulf Coast. The Houston offshore producer on Nov. 16 said it is partnering with Freeport LNG and U.K.-based carbon management firm Storegga to build and operate a carbon capture and storage facility near Freeport, 60 miles southwest of Houston. The proposed Freeport CCS operation would capture and store carbon emissions from Freeport LNG's liquefaction and export facility as well as other major industrial sources along the coast.

The project represents a major pivot for Talos, which has focused on extracting hydrocarbons from the Gulf of Mexico since its founding in 2012. Nearly a decade later, Talos looks to put carbon back underground as public concern grows over climate change. Other oil giants, such as ExxonMobil and Occidental Petroleum, are developing carbon capture and storage facilities in West Texas and along the Gulf Coast in hopes of reducing carbon emissions and keeping fossil fuels viable in a low-carbon future.

The Talos-led project would capture carbon emissions from the LNG plant and inject it into a Freeport LNG-owned geological storage site less than a half-mile from the plant. Talos, which will serve as project manager and operator for 30 years, said it anticipates that the project's first carbon injection could occur by the end of 2024.

UAE wants to speed up development of gas projects

(Bloomberg; Nov. 17) - The United Arab Emirates will accelerate $20 billion of natural gas projects by awarding contracts for some of them in the coming days, as it seeks to boost exports of the fuel. Abu Dhabi National Oil Co. will award engineering and construction work for the Dalma gas field in Persian Gulf waters as soon as this week, according to sources. The gas is meant to start flowing by about 2025, they said.

ADNOC is among several major state oil companies increasing production of gas as consumers try to switch away from crude and coal. Gas is a cleaner form of energy, though the industry is still a significant source of carbon and methane emissions. Dalma will help the UAE, OPEC's third-biggest oil producer, in its bid to become self-sufficient in gas by 2030. The country will export some surplus supplies as liquefied natural gas, ADNOC Chief Executive Officer Sultan al Jaber said on Nov. 15.

ADNOC could use some of Dalma's reserves for blue hydrogen, made by converting gas and capturing the carbon dioxide emissions. The company is investing heavily in manufacturing facilities to export blue hydrogen in the next decade. Neighboring Saudi Arabia, the world's biggest oil exporter, is also racing to raise gas output. Saudi Aramco is undertaking a $110 billion project to develop the Jafurah field in the east of the kingdom. It will use about half of the gas to make blue hydrogen, and most of the rest for domestic electricity plants, it said last month.

LNG suppliers and trader develop method to calculate emissions

(Reuters; Nov. 17) - Singapore's Pavilion Energy Trading said on Nov. 17 it has jointly developed with suppliers QatarEnergy and Chevron a method to calculate greenhouse gas emissions for liquefied natural gas cargoes. The calculation from wellhead-to-receiving terminal will be applied to sales and purchase agreements that Pavilion Energy has with the producers, the trading company said in a statement. Pavilion's announcement follows a framework launched by the International Group of Liquefied Natural Gas Importers on Nov. 16 to establish rules to declare cargoes carbon neutral.

Environmental groups are skeptical about the use of carbon offsets and say the ability to pay for emission reductions elsewhere could prolong the use of fossil fuels. Pavilion, QatarEnergy and Chevron said their methodology is expected to enhance transparency and improve the accuracy of emission calculations. "The methodology sets a strong tone for increased accountability of emissions along the LNG value chain, paving the way for more decarbonization strategies toward a lower carbon future," said Alan Heng, Pavilion Energy's interim group chief executive officer.

Approaching winter weather could drive up LNG prices

(Reuters; Nov. 17) - Liquefied natural gas prices face a quick return to recent record highs as cold weather approaches the Northern Hemisphere and surging power demand and depleted gas storage heightens the global energy crunch, particularly in Europe. This year's power price shock has seen several European energy suppliers go out of business, while Asia's heavy industry curtailed output in energy-intensive sectors.

Consumers are paying significantly more for home heating, with no let-up in sight for countries dependent on LNG imports such as Spain. LNG prices lurched from record lows under $2 per million Btu to all-time highs of $56 in the past 18 months, as markets struggle to keep pace with global economies recovering from COVID-19. Benchmark prices are around $31 currently. Asia looks better prepared for winter than Europe, so far, in terms of inventories, however a repeated cold snap could lead to a buying spree similar to that seen in January which served as the catalyst to fire up prices.

When coronavirus containment measures snuffed out power demand, LNG producers slashed production, reducing shipments through the 2020 summer which have had a lasting impact on global gas inventories. The 2020/21 winter freeze then caught many power providers short, sparking a surge in spot demand and tightening gas stockpiles further just as logistics constraints slowed delivery times. Europe and Asia account for some 94% of global LNG imports and over a third of global gas consumption.

Enbridge fight with Michigan over oil line will be heard in federal court

(Reuters; Nov. 16) - A legal battle between Canadian company Enbridge and the state of Michigan over the company's Line 5 oil pipeline will be heard in federal court, a judge ruled on Nov. 16, dismissing Michigan's motion to have the case sent back to state court. Line 5 carries 540,000 barrels per day of crude and refined products from Superior, Wisconsin, to Sarnia, Ontario, via the Straits of Mackinac in the Great Lakes.

Michigan ordered the pipeline to shut down by May over concerns an underwater section could leak into the Great Lakes, an order that Enbridge has ignored. Last month the Canadian government, which intervened in the court case in support of Enbridge, invoked a 1977 pipeline treaty with the United States to trigger negotiations between Ottawa and Washington over the pipeline's fate. Judge Janet Neff of the U.S. District Court for the Western District of Michigan said the case should remain in federal court.

The decision to keep the case in federal court is a plus for Enbridge, which is arguing the state of Michigan has no authority to shut down the pipeline, said Kristen van de Biezenbos, a law professor at the University of Calgary. "Now that Canada has invoked the treaty, the fact that the issues transcend Michigan state law is pretty clear."