Oil and Gas News Briefs
Compiled by Larry Persily
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Developing nations least able to afford high fuel prices

(Bloomberg; June 6) - Developing nations are suffering the biggest hit from this year's oil shock. Many are dependent on fuel imports and are being crushed by high oil prices, weak currencies and competition from rich nations whose economies are rebounding from the pandemic. Higher fuel bills are worsening inflation in nations already struggling with soaring food prices. It's leading to citizen protests, which democratic governments know from experience is one of the surest ways to lose popularity and power.

Sri Lanka, Laos, Nigeria, and Argentina are among emerging economies in Asia, Africa, and Latin America that have seen long lines at some filling stations in the past weeks because of fuel shortages. Many governments are faced with the dilemma of either cushioning the blow of rising prices by increasing subsidies or lowering taxes — both of which hurt state finances — or allowing fuel prices to increase and risking the anger of consumers and businesses that can't afford the higher costs.

"While historically most of these have relied on fuel subsidies to appease the populace, because of a large and burgeoning import burden it may be difficult to maintain these subsidies," said Virendra Chauhan, head of Asia Pacific for consultancy Energy Aspects. "The affluent world is going to have their holidays and burn jet fuel," Mike Muller, head of Asia at Vitol Group, said on a podcast by Gulf Intelligence. "But the impact elsewhere is a lot more profound. The divide between the prosperous and the countries that have a lower ability to pay for commodities is becoming extremely stark."

The problem for many is where to find oil. With rich nations buying up supplies from traditional sources such as the Mideast, some developing nations are being tempted to go for discounted Russian oil, despite the concern about angering the U.S. and Europe.

Exxon, Conoco reportedly among winners in Qatar LNG expansion

(Reuters; June 7 and 8) - Qatar has picked ExxonMobil, TotalEnergies, Shell, Eni, and ConocoPhillips as partners in expansion of the world's largest liquefied natural gas production facilities, people with knowledge of the matter said on June 7 and 8. The two-phase North Field expansion will boost Qatar's LNG output by 64% by 2027, to 126 million tonnes per year, strengthening its position as the world's top LNG exporter and helping to guarantee additional long-term supplies of gas, particularly to Europe.

State-owned Qatar Energy had decided to make a final investment decision alone to develop the first-phase $30 billion expansion, but later opened bidding to seek partners to share the financial risk of the venture. The five companies — all of which already are part of Qatar's existing LNG production facilities, except Eni — submitted bids in May 2021, together with new entrant Chevron, which reportedly was not selected.

An announcement might not be made until later this month, a source said. Qatar Energy said it will hold a press conference on June 12, without specifying the subject. Exxon, Shell and Total are expected to have around 20% to 25% in total of the off-take of the new project, one of the sources said. A second person said they are likely to get an off-take share from one train each, with Conoco and Eni sharing the off-take of the fourth train. QE has not ruled out a small stake to a Chinese partner, this source said. The expansion includes six LNG trains. Oil majors bid for four trains of the North Field East work. The other two trains will be part of a second phase, North Field South.

Fire shuts down Texas LNG terminal for at least 3 weeks

(Bloomberg; June 9) - An explosion at a Texas liquefied natural gas plant will reduce U.S. exports for weeks, lowering domestic prices for the fuel while boosting them in Europe. The Freeport LNG export facility will remain closed for at least three weeks after a fire on June 8, a company spokesperson said. It issued a force majeure to buyers with shipments scheduled through at least June 30, according to traders. Almost a fifth of all overseas shipments of gas from the U.S. came from the terminal last month. An investigation is ongoing, and there were no injuries from the fire.

The U.S. sent nearly three-quarters of its LNG to Europe in the first four months of the year, with the region now getting almost half of its supplies from across the Atlantic as it attempts to wean itself off Russian gas due. The Freeport LNG outage will reduce supplies available to Europe and Asia while routing more shale gas into U.S. storage caverns. U.S. gas futures fell 5% to $8.263 per million Btu as of 9:08 a.m. June 9 after dropping 6.4% in the previous session. The prices are down from recent 14-year highs. Dutch gas futures, however, rose 10% to the equivalent of $27.48 per million Btu.

The U.S. is one of the world’s top LNG exporters, along with Australia and Qatar. The Freeport plant, which has the capacity to ship about 15 million tonnes per year, supplies gas to BP and TotalEnergies in Europe, as well as Japan’s JERA and Osaka Gas, and SK E&S in South Korea. Buyers will probably start hunting for replacement cargoes from the spot market but there is dwindling supply, according to traders in Asia. The move is likely to boost already intense competition between Asia and Europe for gas.

Goldman analysts say higher oil prices needed to rebuild inventories

(Bloomberg; June 7) - Oil prices are likely to extend gains as global crude stockpiles need to be rebuilt in the face of rebounding Chinese demand and reduced production from Russia, according to Goldman Sachs analysts. Brent crude will need to average $135 a barrel in the 12 months from July, up $10 from the bank's previous forecast, for global inventories to normalize by late 2023, analysts including Damien Courvalin and Jeffrey Currie said in a note dated June 6.

The global benchmark was trading at about $120 on June 7, and has risen more than 50% this year. Recovering demand after the pandemic and sanctions on Russia over its invasion of Ukraine, which disrupted global flows of energy, have lifted oil prices and led nations to tap strategic reserves to ease the pain on consumers. Yet commodities are continuing to rally and further demand destruction is needed to rebalance the oil market next year along with a slowdown in global growth and increased production from OPEC members including Saudi Arabia and Iran, according to Goldman.

"The negative global growth impulse remains insufficient to rebalance inventories at current prices," the Goldman analysts said. "Oil prices need to rally further to normalize the unsustainably low levels of global oil inventories." Inventories are 75 million barrels lower than previously expected and the global deficit is estimated at 400,000 barrels a day on average in the third quarter, the bank said. Although the loss in Russian output has been smaller than expected, its production is set to drop further while the rebound in Chinese demand is probably bringing back the market back into a deficit, they said.

Analyst says this could be last boom decade for oil and gas

(Sydney Morning Herald; June 7) - One of the world's most influential energy researchers is expecting a boom decade ahead for oil and gas producers, as major European economies seek alternatives to Russian supply. Gavin Thompson, vice chair of Asia Pacific energy at Wood Mackenzie, told an audience of Australian investors that before Russia invaded Ukraine, he thought the 2020s would be a great decade for oil and gas companies. "We now think it's going to be a boom decade, probably the last boom decade," he said at the Credit Suisse Australia energy forum on June 7.

According to Wood Mackenzie, demand for liquefied natural is expected to double by 2040 if Europe weans itself off pipeline gas from Russia. In addition, "we're going to see more aggressive moves to roll out renewables, to look at alternatives and to try and manage demand down," he said, adding that Europe could stop buying Russian coal and most of its usual oil purchases by the end of the year. "Gas is the pain point … finding alternatives in a very short period of time is tough, but it's happening," he said.

Wood Mackenzie's forecast for high LNG prices is driven by confidence about demand — and also uncertainty about how it will be met. "If we are moving into an environment where we are not sanctioning new supply, whilst demand is still growing, then this crisis will only multiply and will get worse," Thompson said. While he sees a boom decade for oil and gas revenue, developing projects to take advantage of high prices could still be difficult. Inflation, the large number of new projects required and a lack of contractors willing to bid fixed prices will add risk to any investments to fulfill LNG demand growth.

Russian oil and gas continues selling at a discount

(Nikkei Asia; June 8) - China and India have increased their purchases of Russian oil as the prices decline due to Western import bans, the latest data shows. China imported 800,000 barrels of Russian petroleum daily by sea last month, according to data from Refinitiv, a figure that does not include oil delivered via pipelines. The volume has soared by more than 40% from January. The number indicates that China is deliberately going after cheap Russian crude. India's marine imports of Russia's oil also spiked from zero in January to nearly 700,000 barrels a day in May.

China and India have expanded imports because "Western sanctions have reduced the number of buyers, meaning Russian crude oil can be purchased cheaply," said Takayuki Nogami, chief economist at Japan Oil, Gas and Metals National Corp., the state-backed energy explorer known as JOGMEC. Following similar action by the U.S., the European Union has agreed to ban imports of Russian oil by sea.

As a result of the ban and sanctions, Russia's Urals crude, which had mostly been sold into the European market, currently trades around $90 a barrel. In contrast, the Brent crude international benchmark sells about $35 higher. Russia's ESPO crude — mostly sent to Asia — costs about $94 per barrel, roughly $20 below Dubai crude, which serves as Asia's benchmark. The prices differed by just a few dollars at the start of the year. For liquefied natural gas, Asian spot-market prices are in the mid-$20 range per million Btu, but China-bound Russian LNG is "being traded at a significant discount," said Toshiyuki Makabe, managing director of commodities sales at Goldman Sachs.

Russia boosts oil exports from Far East port

(Reuters; June 7) - Russia is ramping up oil exports from its major Far East port of Kozmino by about 20%, aiming to meet surging demand from Asian buyers and offset the impact of European Union sanctions, three sources familiar with the matter told Reuters. Moscow has said it hopes to reroute energy exports from the West to Asia, but doing so via long tanker voyages from its European sea ports is expensive and complicated by Western sanctions over the conflict in Ukraine, such as on shipping.

Russia's pipeline monopoly Transneft has already increased the amount of oil pumped to Kozmino on its main Asia route, the East Siberia Pacific Ocean (ESPO) pipeline, by

70,000 barrels per day using chemical additives to speed up oil flows, the sources said. Moscow also plans to send an extra 80,000 barrels per day of ESPO Blend to the port of Kozmino by rail from Meget, a route previously used to supply Kozmino and domestic refineries when the ESPO pipeline was being built.

The additional supplies will allow Kozmino to increase overall loadings to some 900,000 barrels per day in the months ahead, from an average of around 750,000 so far this year, they added. Companies in China and India have been buying more Russian oil in recent months amid a fall in prices. The ESPO pipeline, which connects Russia's Siberian oil fields to Kozmino and Chinese costumers by land, has a capacity of 1.64 million barrels per day, though Kozmino is limited to loadings of 1.1 million barrels.

European ban could result in 18% drop in Russian oil production

(Bloomberg; June 7) - The European Union's ban on seaborne imports of Russian petroleum in response to Russia's invasion of Ukraine will lead to an 18% drop in the country's fuel output by the end of next year, the U.S. Energy Information Administration said in its monthly report. Production of Russian crude and refined products is set to reach 9.3 million barrels a day in the fourth quarter of 2023, down from 11.3 million in the first quarter of this year, according to the EIA report.

The drop assumes the European Union's move to halt crude oil imports will be imposed in six months and the petroleum-product import ban in eight months, and excludes any restrictions on shipping insurance, the EIA said. Russia's invasion of Ukraine upended global energy flows and prompted an almost immediate oil import ban from the U.S. and U.K. when the market was already tight. Other buyers voluntarily shunned Russian oil. Overall supply shortages have kept oil prices over $100 a barrel since the war started and sent retail fuel prices to record highs.

India's refiners step up their purchase of Russian crude

(Bloomberg; June 6) - India is looking to double down on its Russian oil imports, with other state-owned refiners eager to take more heavily discounted supplies from Rosneft as international buyers turn down dealings with Moscow over its invasion of Ukraine. India's state refiners are collectively working on finalizing and securing new six-month supply contracts for Russian crude, said people with knowledge of the procurement plans. Rosneft would handle shipping and insurance matters, the sources said.

These supply agreements, if concluded, will be separate and on top of shipments that India already buys from Russia in other deals. Details on volumes and pricing are being negotiated, with Indian banks set to fully finance all cargoes, said the people who asked not to be identified as discussions are confidential. India's refiners will increasingly procure supplies directly from companies such as Rosneft as top international traders like Glencore wind up their dealings in Russia, the sources added.

State and privately owned refiners in India have been ramping up purchases of Russian crude as sanctions and trade restrictions rolled out by the U.S., U.K. and European Union have caused most buyers to flee. An unprecedented amount of Russian crude headed to India and China last month. Refiners in Asia's second-largest oil consumer have been enjoying elevated profits from turning cheap crude into fuels that are sold domestically and also in the export market to customers in Europe and the U.S.

Russian crude transferred to larger tanker in middle of Atlantic

(Bloomberg; June 6) - Shippers of Russian crude are turning to unusual methods to move cargoes displaced from Europe over much longer distances to new customers. The most recent example is a ship-to-ship transfer in the middle of the Atlantic Ocean. The tanker Zhen I discharged its cargo into the supertanker Lauren II in waters 300 miles west of the island of Madeira, about 1,000 miles southwest of Gibraltar, according to ship-tracking data monitored by Bloomberg. The transfer took place May 26-27.

Moving cargoes onto larger vessels is not unusual, but what is far less common is the location where it happened. Most transfers take place in sheltered waters, where the risks of oil spills are greatly reduced. Russian cargoes have been transferred to bigger ships off Skaw in Denmark, in the western Mediterranean off the Spanish North African town of Ceuta, and even in the North Sea off Rotterdam. This is the first transfer reported on the high seas.

The Zhen I has now returned to the Baltic Sea, where it's due to load its next cargo from Primorsk, Russia, in mid-June, according to a loading program seen by Bloomberg. The Lauren II is drifting in the mid-Atlantic, possibly awaiting the transfer of another cargo. A ship as large as the Lauren II can hold as many as three cargoes of the size typically carried by a vessel like the Zhen I. That makes them a much more economic option for carrying crude over very long distances. Mid-ocean cargo transfers may become more common if buyers and sellers start to try masking the destinations of Russia's exports.

Russia will use state guarantees to get around European sanctions

(S&P Global; June 6) - Russia expects to get around the European Union ban on insuring and financing seaborne deliveries of Russian crude to third-party countries by using state guarantees, Dmitry Medvedev, deputy chairman of the Russian security council, said in a post on his official Telegram channel on June 6. "This problem can be solved — insuring supplies can be secured by using state guarantees within the framework of interstate agreements with third countries," Medvedev said.

The EU said June 3 that its sixth sanctions package prohibits EU operators from insuring and financing seaborne transport of Russian after a wind-down period of six months. The ban is part of the latest restrictions in response to Russia's invasion of Ukraine. Trading, insurance and shipping executives said last week that such a ban could further complicate trade in dry bulk and liquid commodities with Russia, making them more expensive, delaying scrapping of old ships, pushing up global freight rates and encouraging private deals with owners ready to call at sanctioned ports.

Medvedev said Europe cannot immediately cut itself off from Russian oil, and will need to use alternative methods to continue to import it. "They know that they will still have to find 'gray' schemes to get our feedstock and pay for it somehow, bypassing their own idiotic sanctions," he said. Medvedev said European consumers will have to scour the world in search of imports of the same quality as Russian oil. "In so doing, they will face a shortage of certain types of fuel, such as diesel."

Production restarts at Libya’s largest oil field

(Argus Media; June 5) - Libya's largest oil field, El Sharara, with capacity to pump 300,000 barrels per day at full production, has restarted operations at around 180,000 barrels per day after having been shut down by political protests for more than six weeks. Output resumed June 4, according to sources in the country. The state-owned oil company declared force majeure at El Sharara on April 18 after protestors shut it down and also the 70,000-barrel El Feel field and Mellitah and Zueitina export terminals.

A shipping report indicates roughly 1.5 million barrels of El Sharara's Esharara grade crude is available for loading at the Zawia export terminal. The El Feel field remains closed, one of the sources said. The restart at El Sharara will provide a major boost to Libya’s oil supplies, which dropped to 530,000 barrels per day after the shutdown.

U.S. natural gas futures heat up past $9

(Natural Gas Intelligence; June 6) - In one of the most explosive sessions in recent weeks — and that’s saying a lot — U.S. natural gas futures rocketed higher on June 6 as production struggles to gain momentum and temperatures are starting to rise ahead of what’s expected to be a hot summer. The July New York Mercantile Exchange futures contract jumped 79.9 cents to $9.322 per million Btu. August futures rose 79.6 cents to $9.306. “We would not be shocked to see a test of $10 in the fairly near future, based on all we see from the big picture,” said Bespoke Weather Services.

Spot gas prices also strengthened as temperatures across Texas are poised to touch record levels this week. The spot-market national average shot up 67 cents to $8.565. With forecasts calling for heat to become more widespread later this month, traders took notice of the potential for high temperatures in Texas to surpass the century mark for the next seven days in some cities. The electric grid operator for most of Texas said the sweltering conditions could drive loads to near record levels.

Meanwhile, U.S. gas production has been a source of frustration for buyers. After nearing late-2021 highs early last week, output softened later in the period and failed to recover over the weekend. Estimates showed production at around 95 billion cubic feet per day on June 6, 2 bcf shy of the highs largely viewed as needed to loosen up supply/demand balances. The increase in domestic gas demand and lower production comes amid a mostly steady rise in U.S. liquefied natural gas and pipeline gas exports.

Chinese buyer signs 25-year deal with Louisiana LNG project

(Energy Intelligence; June 6) - Private city-gas distributor China Gas Holdings has signed a sales-and-purchase agreement with LNG developer Energy Transfer for long-term supplies from its Lake Charles project in Louisiana. Under the deal, Energy Transfer will supply 700,000 tonnes per year over 25 years from as early as 2026. Supplies will be priced against the U.S. gas benchmark Henry Hub. China Gas said the deal is conditional on the developer reaching a final investment decision on the project.

This is the fifth long-term supply deal secured by Energy Transfer, totaling 5.8 million tonnes per year. The other buyers are South Korea’s SK Gas, global commodity trader Gunvor, and Chinese buyers ENN Natural Gas and ENN Energy Holdings. Energy Transfer said the latest deal is an important step toward reaching an FID in the second half of this year. A former import plant, Lake Charles LNG received export approval from the U.S. Department of Energy in 2013, but has remained largely dormant since then.

When Shell exited Lake Charles in 2020, Energy Transfer took over the role as lead project developer and said it would evaluate alternatives, including reducing the project's size from three trains (16.45 million tonnes per year) to two trains with a capacity of 11 million tonnes. The plant already has four LNG storage tanks and two ship births from its days as an import plant, which should cut down on construction costs. All five of the off-take deals were signed after Russia's invasion of Ukraine, but the off-takers are predominantly Asian, continuing a trend established before the war.

Europe filling gas storage, while high LNG prices hit Chinese demand

(Natural Gas Intelligence; June 3) - The wave of liquefied natural gas cargoes headed to Europe has started to slow as gas storage levels on the continent rises, while there are signs that high prices could be delaying an anticipated ramp-up from Asian buyers.

Instead, more volumes of LNG have been steadily heading to destinations like Brazil, according to research from data firm Kpler. South America has been experiencing a drought and related cutbacks to hydroelectric power, similar to last summer.

Volumes of U.S. LNG to Europe have started to decline from previously lofty heights. The U.S. shipped 6.97 million tonnes of LNG in May, with at least 60% being tracked to landing points in Europe, according to Kpler data. In March, U.S. terminals shipped 7.28 million tonnes, 75% of which went to Europe. European Union gas storage rose to 47.5% at the end of May, falling just under the five-year average.

Europe has been offering premium prices for LNG imports since Russia invaded Ukraine, triggering sanctions and new policies to forego Russian gas. The shift created more competition for Asian buyers that have typically purchased a large swathe of volumes on the market. However, high prices have cut into Asia's demand for the fuel. LNG imports into Asia in May were down about 10% from a year ago. China's domestic gas production has been on the rise to record levels and could continue as the country "attempts to limit the impacts of sky-high LNG prices," said Kpler's Rhyana Rasidi.

Pakistan asks Qatar for more LNG to ease supply shortage

(Bloomberg; June 6) - Pakistan is in discussions for increased deliveries of liquefied natural gas from Qatar, the latest effort by the South Asian nation to help ease a crippling fuel crunch. The government asked Qatar — its biggest LNG supplier — for several additional shipments every month starting as soon as this year, according to people with knowledge of the matter. Pakistan is requesting additional cargoes as part of its long-term contract, one of the people said.

Discussions are ongoing, and it isn't clear if Qatar has the spare capacity to meet the request, said the people, who requested anonymity as the talks aren't public. Qatar, one of the world's top LNG exporters, is also being asked for more cargoes by European and Asian buyers amid a global supply shortage, and has repeatedly said it has little ability to boost deliveries in the short term.

The global energy crunch is the latest problem for Prime Minister Shehbaz Sharif's administration, which came into power in April after a period of political upheaval. The nation's energy import costs doubled in the 10 months ended April, while an ongoing fuel shortage is triggering rolling blackouts across the country. Boosting deliveries from Qatar would not only alleviate Pakistan's fuel supply deficit, but it would also help insulate the country from the volatile and expensive spot-sales market for LNG cargoes.

[Japan asks residents, businesses to conserve electricity]

(Bloomberg; June 7) - Japan is stepping up appeals to citizens and companies to conserve electricity, with the nation facing a summer energy supply squeeze and escalating fuel import costs amid the yen's plunge. Prime Minister Fumio Kishida's government convened the first national meeting in five years dedicated to discussing the power outlook as it prepares for tight supply through the coming months and during winter, according to the trade ministry.

"The power supply this summer and the upcoming winter will be very tough," Chief Cabinet Secretary Hirokazu Matsuno said June 7. "We would like households and businesses to do what they can, like turn off lights in unused rooms and hallways, and turn down the temperature of the refrigerator." Residents in Tokyo were asked last month to reduce electricity consumption by taking steps such as watching an hour less TV a day or switching off the heater functions on toilet seats.

Preparations are being made to restart idled power plants and to help grid operators initiate planned outages if needed as a last resort, according to documents from the June 7 meeting. Officials will also extend efforts to promote conservation measures among households. Power grids worldwide are under intense pressure this summer with rebounding post-pandemic demand, higher temperatures and fuel costs surging on disruption to gas and coal markets caused by the war in Ukraine. Japan is particularly exposed to tight global market because it relies so heavily on fuel imports.

[Pakistan reduces work week to conserve electricity]

(International Business Times; June 7) - Pakistan will reduce its official work week to five days from six in a bid to reduce energy and fuel consumption as part of an energy conservation plan approved by the country's cabinet on June 7, the information minister said. The move comes as hours-long power outages hit the South Asian country, with demand outstripping generation during the peak summer months. Soaring global fuel prices have also increased pressure on the country's finances.

"We are facing a severe crisis. … We desperately need to take energy conservation measures. We need to tap on every option to save on energy," Information Minister Marriyum Aurangzeb said at a press conference. After taking office in April, Prime Minister Shehbaz Sharif had increased the working week to six days from five, with only Sunday as a day off, saying he wanted to increase productivity. However, the enhanced work week resulted in greater electricity and fuel consumption by businesses.

The cabinet has also set up a committee to devise a plan for working from home on Fridays for all government and semi-government offices, and early closure of markets. Pakistan has experienced power cuts over the past month, with urban centers seeing four- to six-hour outages a day and rural areas over eight hours, as temperatures soar.

[Opponents challenge European Union support for gas projects]

(ABC News; June 7) – Environmental campaign groups have launched legal action to challenge a decision by the European Union's executive arm to include 30 natural gas projects in a list of operations considered as beneficial to the 27-nation bloc's energy market. The campaigners said on June 7 that the European Commission has given "these climate-destructive projects VIP status, in contradiction of its legal obligations."

They said the projects are worth 13 billion euros (US$13.9 billion) and will lock the region into dependency on the fossil fuel that EU institutions say that they want to get rid of. The projects, which include the Baltic Pipe Project designed to bring Norwegian gas to Poland and the development of gas infrastructure in Cyprus, are part of the so-called list of Projects of Common Interest. They are eligible for funding from a program designed to boost energy, transport and digital infrastructure. The fund for the 2021-2027 period allocates a budget of 5.8 billion euros to the energy sector.

The campaigners highlighted the EastMed pipeline — a project to create an 1,180-mile pipeline to connect Eastern Mediterranean offshore gas fields to Greece and Italy. Supporters of the gas projects argue that they would improve Europe's energy security, particularly in the context of energy sanctions taken against Russia.

[Data center waste heat will warm North Dakota greenhouse]

(InForum; North Dakota; June 1) - North Dakota's capacity to store greenhouse gases deep underground and its supportive clean-carbon policies are the drivers of a company's plan to build data centers in the state. According to the announcement by Bitzero Blockchain on June 1, waste heat from a data center it plans to build will help warm a sprawling greenhouse that the Mandan, Hidatsa and Arikara Nation is constructing on the Fort Berthold Reservation.

Bitzero will partner with the MHA Nation to purchase hydropower from Missouri River dams — including the Garrison Dam, which formed a lake that flooded the tribes' fertile lowlands. A 50-megawatt Bitzero data center will be built near the huge greenhouse the tribes are constructing. Heat given off from the servers will be captured and used to heat the greenhouse. "Once we build this facility it's going to be the largest greenhouse in North Dakota," said Chairman Mark Fox of the MHA Nation.

Vancouver-based Bitzero plans to build 200 megawatts of data centers in North Dakota in the next two to three years, costing $400 million to $500 million. At least initially, the Bitzero data centers will be used to "mine" cryptocurrency, a process involving powerful computers that make the complex calculations required for the digital currency. Founded in 2021, Bitzero has raised almost $100 million in investment capital and plans soon to have an initial public offering on the Canadian stock exchange.