# Oil and Gas News Briefs
# Compiled by Larry Persily
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## Increased Iranian oil exports help to moderate prices

(Bloomberg; Aug. 25) - While Iran and the U.S. make wary diplomatic overtures, a return to their lapsed nuclear agreement remains a distant prospect. But for world oil markets, a pact is already taking effect. Months of secretive diplomacy between the two nations have yielded progress on prisoner exchanges, the unblocking of frozen assets and possibly even Iran's enrichment of uranium. They also seem to have produced an informal arrangement on oil flows. U.S. officials privately acknowledge they've gradually relaxed some enforcement of sanctions on Iranian oil sales.

Tehran has restored its oil production to the highest level since the ban kicked in five years ago and is shipping its most crude to China in a decade. Iranian officials are confident they'll pump even more soon. The supply is helping ease global oil prices, which slipped below $85 a barrel in London this week, offering relief to consumers.

"It's the traditional energy diplomacy game: cutting deals to get additional barrels," said Helima Croft, head of global commodity strategy at RBC Capital Markets in New York. "U.S. and Iranian economic interests are aligned when it comes to more barrels on the market." Washington still won't tolerate purchases by most of Iran's pre-sanctions customers such as South Korea, Japan or European countries, but it's relaxed about expanded sales to China. Shipments to the world's biggest importer have reached 1.5 million barrels a day, the most in a decade, market intelligence firm Kpler estimates.

Beijing has been scooping up Iranian barrels to fill its strategic reserves, encouraged by the hefty discounts Tehran is offering to compete against Russian supplies. Iran's two main grades currently trade at discounts to Brent of more than $10 a barrel, traders say.

## U.S. considering new proposal to ease sanctions on Venezuela oil

(Reuters; Aug. 23) - U.S. officials are drafting a proposal that would ease sanctions on Venezuela's oil sector, allowing more companies and countries to import its crude if it moves toward a free and fair presidential election, according to people with knowledge of the plans. Washington has been trying to encourage talks between President Nicolás Maduro and the political opposition over elections and other demands. Sanctions were imposed after Maduro's 2018 reelection, which many Western nations believed a sham.

Easing sanctions has been a carrot held out in the past by the U.S., but which so far has resulted in very few authorizations, including one to Chevron that has allowed the firm to expand operations in Venezuela and export its oil to the U.S. since November. Washington continues to insist that further easing will depend on progress toward fair elections. President Biden's government is prepared to provide sanctions relief to Venezuela if the country moves to restore democracy, the White House said Aug. 23.

The U.S. is considering a specific offer to reframe sanctions on the country so that buyers in Europe and other regions could resume importing Venezuelan oil in a structured, organized way, the sources said. The proposal could require Biden to amend executive orders issued by his predecessor Donald Trump or issue new ones.

## Canadian oil pipeline project encounters another problem

(The Canadian Press; Aug. 23) - The Trans Mountain oil pipeline expansion project from Alberta to the British Columbia coast has hit another construction-related hurdle that could delay its completion. The Canadian crown corporation that owns the pipeline has filed for regulatory approval to modify the route of one of the remaining stretches of pipe yet to be completed. In its regulatory filing, Trans Mountain Corp. said it has run into engineering difficulties related to drilling a tunnel in British Columbia and wants to alter the route slightly for an 0.8-mile stretch of pipeline, as well as the construction method.

But the filing documents reveal that the company is facing opposition from the Stk'emlupsemc te Secwepemc Nation, whose traditional territory the pipeline crosses and who had agreed to the originally proposed route and construction method. The documents state that between May and July, Trans Mountain met and corresponded several times with the First Nation's leadership, who continued to express concern that the pipeline project was deviating from its agreed-upon route and construction method.

In its filing, Trans Mountain said it needs the regulator to make a decision as soon as possible to avoid delays that could result in "significantly increased construction costs." Trans Mountain is Canada's only pipeline for moving oil from Alberta to the West Coast. Its expansion, when completed, will boost the pipeline's capacity to 890,000 barrels per day from 300,000. The project, however, has been plagued by difficulties. Its projected price tag of C$5.4 billion has spiraled, most recently to C$30.9 billion.

## Ugandans say oil development disturbs sacred sites

(Associated Press; Aug. 22) - Alex Wakitinti is worried about the sacred sites he tends in the large swath of grassland near Lake Albert in Uganda. It's an area of his homeland that companies are developing for Uganda to become an oil producer by 2026. But French company TotalEnergies and others are recklessly ignoring the significance of Wakitinti's spiritual work, he said, as well as that of the other Bagungu custodians minding hallowed natural sites in the remote district of Buliisa near the Congo border.

That is a mistake, he said, making note of the bad luck that can come from disturbing these special places without performing the necessary rituals or making sacrifices to spirit mediums — like the tree Wakitinti recently knelt under to pray and present a bird's nest. Sacred natural sites here range from single trees in the bush to the rift in the land where the Nile River merges with Lake Albert, creating a spectacular landscape that intensifies the Bagungu's respect for nature. They believe these sites are repositories of occult mediums with the power to solve problems that include sickness in a family.

As TotalEnergies invests billions into oil field development and acquires more land, Wakitinti and other people who practice traditional beliefs worry the spiritual power of at least 32 sacred sites in Buliisa keeps deteriorating. There are already signs, like the region's prolonged dry spell some say is proof the sanctity has already been breached.

Uganda is estimated to have recoverable oil reserves of at least 1.4 billion barrels, and officials see future earnings lifting people out of poverty. Investors from China, Australia, Ireland and, most recently, France have been involved over the years. In addition, TotalEnergies — the project's top shareholder — faces a legal challenge and pressure to pull out because of concerns over plans for a heated pipeline to move the thick oil.

## Europe's big energy players boost exploration work offshore Africa

(The Financial Times; London; Aug. 26) - Two of Europe's biggest energy companies are stepping up efforts to open a potentially giant oil field off the coast of Namibia in one of the clearest signs the industry is pursuing new fossil fuel resources. Shell, which has drilled four exploration wells in the Atlantic Ocean off Namibia's southern coast since 2021, received approval in June to drill 10 more. This year France's TotalEnergies will spend $300 million — half of its global exploration budget — in the country.

If they succeed in identifying commercial volumes of oil, the southern African nation could become one of the world's newest petrostates, just when global oil demand, according to some estimates, has started to decline due to the transition to cleaner sources of energy. Both Shell and Total have plans to slowly cut their dependence on oil production to reduce their corporate emissions to net zero by 2050.

The expansion in Namibia by both companies, which operate separate offshore projects, follows several successful exploration wells in the past 18 months. Total and its partners — QatarEnergy, Impact Oil and Gas and Namibia's state-owned oil company Namcor — announced the discovery of "significant light oil and associated gas" at the Venus site in 2022. This field has the most potential and is likely to hold over 3 billion barrels of oil, which would make it the eighth-biggest discovery in the world since 2000 and the largest ever in sub-Saharan Africa, according to consultants Wood Mackenzie.

## Companies and federal government work at direct-air carbon capture

(Wall Street Journal; Aug. 24) - The technology to remove carbon from the atmosphere is unproven at scale and the economics are just taking shape. What has become clear this year is that carbon removal is the realm of giant companies and big government support. The Energy Department this month committed $1.2 billion to create two carbon-removal hubs in Texas and Louisiana, home to a large portion of the U.S. fossil fuel industry. The biggest player in the Texas project will be Occidental Petroleum, which has its own billion-dollar bet on the technology.

Three deals this year cemented corporate involvement in the sector: ExxonMobil is buying one of the biggest operators of pipelines that move carbon to sites where it can be stashed underground; Occidental is buying one of the two most established carbon-removal technology companies; and the other experienced carbon-removal start-up, Climeworks, completed the first third-party verified process and cashed in on it by selling carbon credits to Microsoft and other big companies.

The most prominent carbon-removal technology is called direct-air capture. It employs vacuum-like devices and fans to suck in air, pull out the carbon and bury it underground. The process is a man-made variation of what trees do every day. It differs from carbon capture, which grabs carbon from smokestacks, which is considered easier because those emissions are far denser with carbon than the open air. The Energy Department money is designed to create an industry that is seen as vital to limiting climate change.

Occidental CEO Vicki Hollub has said direct-air capture would enable the company to offset emissions and keep producing oil for decades. Many climate analysts remain skeptical of carbon removal, worrying that it is too expensive while fearing it could give fossil fuel producers a social license to continue polluting.

## Alberta premier defends pause on renewable energy projects

(The Canadian Press; Aug. 24) - After two decades in the oil patch, Shawn Hubbard was tired of layoffs and uncertainty about the future. “I was pretty much done with that after 20 years,” he said. “Getting the rug pulled out from under you gets tiresome.” Hubbard, 50, took a short, free course on installing solar panels in 2021 and was working in the field by the next summer. “I liked it a lot more,” he said. “The hours were similar but the pay was better. There’s plenty of work in renewables.”

Plus, as the oil and gas industry continues to shed jobs, renewables seemed like tomorrow. “Renewables seemed like a natural progression for energy generation,” he said. “It always felt like the future for me.” Hubbard now works for the City of Medicine Hat in Alberta to keep close to his family. But he fears the United Conservative government’s six-month pause on renewable energy approvals, announced earlier this month, will stifle an industry that presents a real alternative for workers like him.

Hubbard's fears were underscored in a report released on Aug. 24 by the Pembina Institute, a clean-energy think tank, about the scale of solar, wind and geothermal projects affected by the moratorium. The report said the pause affects 118 projects worth $33 billion. Without directly addressing her government's pause on renewable energy projects, Alberta Premier Danielle Smith was in Banff, Alberta, on Aug. 24, speaking to the Canadian Energy Executive Association: "We don't need a just transition in Alberta because we don't intend to transition away from oil and gas."

## TC Energy seeks approval to sell Western Canada gas line network

(Bloomberg; Aug. 24) - TC Energy is seeking regulatory approval for a move that would clear the way for it to sell a stake in its western Canadian gas pipeline system, possibly to Indigenous groups. The pipeline operator applied to the Canada Energy Regulator to transfer ownership of the Nova Gas Transmission System from one corporate entity to another that would "facilitate potential future minority ownership of the system, including possible participation from Indigenous groups," according to a regulatory filing.

The Nova Gas system connects the Western Canadian Sedimentary Basin in Alberta and British Columbia, which produces most of the natural gas in western Canada, to domestic and export markets. It is separate from TC's other pipeline systems that move gas across the nation to eastern Canada and into the U.S. TC Energy seeks a regulatory decision on the application by Nov. 1 to support a reorganization by Jan. 1.

The company has been selling assets to reduce its debt after suffering from cost overruns on the Coastal GasLink pipeline project, which will supply Canada's first major liquefied natural gas plant, under construction in Kitimat, British Columbia. In February, TC Energy raised the estimated price tag to C$14.5 billion, up significantly from a previous estimate of C$11.2 billion and more than double the initial estimate of C$6.2 billion. Last month, the company agreed to sell a 40% stake in two U.S. gas pipeline networks for (C$5.2 billion) and announced it would spin off its oil pipelines unit.

## U.S. world's leading LNG exporter in first half of the year

(Hydrocarbon Engineering; Aug. 25) - The U.S. exported more liquefied natural gas than any other country in the first six months of 2023, according to data from CEDIGAZ, a 62-year-old international nonprofit that tracks gas market data. U.S. LNG exports averaged 11.6 billion cubic feet per day during this period, 4% higher than the first half of 2022 and 9.5% higher than the 2022 annual average, according to data from the U.S. Department of Energy.

Australia was the world's second-largest LNG exporter in the first six months of 2023, with LNG exports averaging 10.6 bcf per day, followed by Qatar at 10.4 bcf per day. As in 2022, Europe remained the main destination for U.S. LNG exports in the first half of 2023, accounting for 67% of the total. U.S. LNG exports to Europe increased by 14% compared with the 2022 annual average. Five countries — the Netherlands, the U.K., France, Spain and Germany — accounted for 77% of total U.S. LNG exports to Europe.

## Fire forces partial shutdown at nation's third-largest refinery

(Wall Street Journal; Aug. 25) – Marathon Petroleum said it is shutting some of the units at its Garyville, Louisiana, refinery as it works to fully extinguish a fire that broke out Aug. 25. The partial shutdown of the refinery, which at nearly 600,000 barrels a day of crude-refining capacity makes it the nation's third-largest refinery, is causing gasoline and diesel fuel prices to trade sharply higher in U.S. futures markets. Diesel futures settled 4.8% higher Aug. 25 at $3.31 a gallon, the highest closing price since Jan. 26.

The fire broke out in an area where crude oil and fuels are stored in massive tanks. Television footage showed two of the huge tanks fully engulfed in fire, with flames and thick black smoke shooting several stories into the air while two water cannons within the plant tried to douse the flames. A cause of the fire is unknown; Marathon said an investigation is under way. The fire was contained by the afternoon of Friday, Aug. 25, though it continued to smolder on Saturday, Aug. 26.

The Garyville refinery is located along the Mississippi River in southeastern Louisiana between New Orleans and Baton Rouge. It produces about 265,000 barrels a day of gasoline, or about 3% total U.S. consumption. It also makes about 230,000 barrels per day of diesel, according to Andy Lipow, president of Lipow Oil Associates in Houston.

## India defends its purchases of discounted Russian oil

(CNBC; Aug. 25) - India isn't overly dependent on anyone for oil — not even Russia — India's Minister of Petroleum and Natural Gas told CNBC, adding that his country has diversified its sources. "India doesn't get overdependent on anyone," Hardeep Singh Puri said. Since Russia's invasion of Ukraine in February last year, India's refiners have been snapping up discounted Russian oil. Moscow has since leapfrogged to become India's leading source of crude oil, accounting for about 40% of its crude imports.

India is the world's third-largest energy importer and purchases more than 80% of its crude oil from international markets. Asked if India was getting a $15 or $30 discount per barrel on Russian crude, Puri said: "Yes, there have been discounts. But there have been discounts coming from all over." India has also been buying more from countries in the Middle East, such as Iraq, he added.

“We’re diversified. We used to buy from 27 sources — today we are buying from 39 sources,” he said, naming suppliers from Saudi Arabia, the UAE and Kuwait among them. According to data from S&P Global in July, India’s crude oil sources come largely from Middle East and Russia.

## Chevron Australia LNG workers will vote on new agreement

(S&P Global; Aug. 25) – Chevron’s Gorgon and Wheatstone downstream employees are set to cast key votes next week on the company's proposed enterprise agreements setting out employment terms and conditions, with the result set to determine the next steps for both the parties amid threats of strikes at the two Australia liquefied natural gas production and export facilities.

The vote comes as Chevron continues its efforts to avert an industrial action after union members voted in favor of going ahead with possible actions, including a strike. Voting on the proposed agreements will open on Aug. 30 and close Aug. 31, a Chevron Australia spokesperson told S&P Global Commodity Insights. The Chevron-operated Wheatstone and Gorgon LNG projects have a combined nameplate production capacity of 24.5 million tonnes per year. Workers at a Woodside-operated LNG plant in Australia accepted a new agreement this week, averting a strike at that operation.