Oil and Gas News Briefs
Compiled by Larry Persily
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OPEC+ members reportedly agree to additional production cuts

(Bloomberg; Nov. 30) - OPEC+ members have agreed to make 1 million barrels a day of additional oil-supply cuts to go alongside Saudi Arabia's much-anticipated extension of its voluntary reduction of the same size. Members have agreed to the deal in principle, and it now goes to a vote at the Nov. 30 meeting, delegates said, asking not to be named because the information was private. The deal fulfills what delegates had said were Riyadh's goals for the meeting. More than a week of preparatory talks appeared to have overcome internal disagreements over some members' production quotas.

Saudi Arabia, which has been making an extra voluntary cut of 1 million barrels a day since July, was pressing the rest of the Organization of Petroleum Exporting Countries and its allies to join this effort after crude prices fell by more than 10% from their September high. A deeper collective reduction combined with the extension of Riyadh's voluntary cutback could stave off a renewed oil surplus predicted for early next year.

A new cut of 1 million barrels a day could actually be only half as big in real terms, Amrita Sen, director of research at consultant Energy Aspects, said before the meeting. That's because some countries are already pumping below their targets, she said. It was not immediately clear how the cuts would be distributed between members. The outlook for oil has weakened over the past two months amid plentiful supplies and a darkening economic backdrop. Prices could fall further next year, when forecasters including the International Energy Agency anticipate a slowdown in demand growth.

Objections from Angola, Nigeria still a problem for OPEC+

(Bloomberg; Nov. 28) - OPEC+ is no closer to resolving the deadlock over oil-output quotas for some African members that has already forced the group to delay a critical meeting amid faltering prices, according to delegates. The Saudi-led alliance hasn't been able to reach an agreement with Angola and Nigeria, which are pushing back against lower quota limits for 2024 that reflect their diminished production capabilities, delegates said, asking not to be named because the information was private.

The stalemate may not be resolved before the scheduled OPEC+ meeting on Nov. 30, potentially requiring a further delay, one delegate said. The Organization of the Petroleum Exporting Countries and its partners need to finalize output policy for 2024, with market watchers predicting that further cuts are needed as crude prices sag toward $80 a barrel on the prospect of a renewed surplus. Saudi Arabia, which has been

making a voluntary output reduction of 1 million barrels a day since July, is asking other members of the coalition to reduce their quotas to share the burden of cuts.

Angola and Nigeria are disputing changes to their output targets that were provisionally agreed when OPEC+ last met in June. Those new quotas were subject to a review by external consultants, and both countries are unhappy with the figures. Nigeria is seeking a quota of 1.58 million barrels a day for 2024, a slight increase from the provisional level, a delegate said. Angola proposes 1.18 million barrels a day, which is lower than the figure agreed in June but higher than the consultants' estimate, the delegate said.

U.S. shale oil producers work to boost well productivity

(Wall Street Journal; Nov. 27) - U.S. shale developers have been on a relentless chase to drill for oil as cheaply as possible. With plenty of cash in their pockets and a hunch that they might soon exhaust their best inventory in the prolific Permian Basin, some have been shifting their focus to making sure they get every last drop of crude they can get out of what they have. Many have turned to "cube development," which requires drilling multiple wells tightly spaced all around the underground reservoir.

While producers have been using that method for years, there were trials and errors on well spacing. The clear benefit is that, if done correctly, producers can expect to extract more oil overall. But it carries higher upfront costs. Now, some of the largest Permian developers are pursuing the capital-heavy, somewhat risky development method, which suggests they are less confident about the number of gushers left in the shale patch.

Of late, producers have done a great job of maximizing production. U.S. land and offshore productivity — measured as the amount of oil produced in the first 12 months per foot drilled — has been on a steady upward trajectory since 2007. U.S. onshore and offshore wells that have been producing for 12 months since August 2022 were 59% more productive compared with those drilled five years earlier.

It is unclear how long productivity gains can continue at this pace. There may be a limit on how long lateral wells can get, for example. Not only does the lengthening of a well require more contiguous land, but the longer wells get, the trickier it is to service them, said Mark Chapman, senior vice president of oil field services intelligence at Enverus.

Rosneft plans major oil reloading terminal for new Arctic project

(Barents Observer; Norway; Nov. 27) – Russia's state oil company Rosneft plans to build a terminal for reloading oil only few miles from the navy's northern fleet headquarters in Severomorsk. The terminal would be located in Guba Pitkova, a site on the western shore of Kola Bay. It would serve Vostok Oil, Rosneft's major project under

development in the remote Arctic region of Taymyr. According to plan, ice-class tankers would shuttle oil more than 1,500 miles west from Taymyr to the new terminal, where conventional tankers would pick up the load and take it to export destinations.

Not much is known about its configuration, but the terminal could form a pier that stretches into Kola Bay. Rosneft subsidiary company PKK Logistic held public hearings in Aleksandrovsk, the local municipality, in spring 2022. Judging from company documents, the terminal will be able to serve 200,000-ton tankers (more than 1.4 million barrels). It will also include a stationary 300,000-ton floating oil storage vessel.

Severomorsk is home to several of the fleet's most powerful vessels. It also is the site of key military facilities and weapons depots. According to Rosneft's plans, production at Vostok Oil will reach more than 100 million tons annually by 2030, averaging more than 2 million barrels a day. A major part of it will be sent westward toward the new terminal. Rosneft is in full swing with the development of the project. The company originally planned to start production sometime in 2024, though no recent estimate is available.

Oil executives look to reopen ties with Venezuela

(Bloomberg; Nov. 28) - Oil executives are flocking to Venezuela to take advantage of easing U.S. sanctions, even though there's a risk that access to the world's largest oil reserves might snap shut as quickly as it opened. Companies including Shell, Repsol, Hungary's Mol Nyrt, Sweden's Maha Energy, the National Gas Company of Trinidad and Tobago and Bolivia's state gas company YPFB have sent delegations to Caracas since the U.S. lifted curbs on the country's oil sector last month, according to sources.

The companies are generally trying either to secure access to oil and gas fields, rewrite contracts or recover old debts, the people said. They are effectively betting that the U.S. government won't follow through on its threat to reimpose sanctions against companies that operate in Venezuela. Washington gave the government of President Nicolás Maduro until the end of November to make significant advances toward holding fair elections, including allowing disqualified candidates to participate in next year's vote.

Maduro has yet to do this, bringing a risk of "snapback sanctions" on Venezuela's oil sector, making it nearly impossible for foreign drillers to operate there. "If they don't take the agreed steps, we will remove the licenses we've awarded," U.S. Assistant Secretary of State for Western Hemisphere Affairs Brian Nichols said this month. However, the U.S. may be reluctant to reimpose controls. A revival of Venezuela's oil sector helps offset the impact on oil markets of sanctions imposed on Russia last year, while a stronger Venezuelan economy also helps curb the flow of migrants to the U.S.

Climate change advocates in court over more U.S. LNG exports

(Energy Wire; Nov. 29) – Court fights over proposed U.S. Gulf Coast gas export facilities are putting pressure on federal regulators to reevaluate whether it's in the public's best interest to ship the fuel to foreign countries as the world confronts climate change. The permitting process for liquefied natural gas facilities is different from other gas projects because the federal government has to sign off not only on construction of the facility, but also the fuel's destination. The Department of Energy is in charge of approving exports; the Federal Energy Regulatory Commission approves siting and construction.

Advocacy groups are making their argument in at least three pending court cases that the authorization process is in serious need of a revamp. "There's a little bit of a buck-passing between the agencies," said Sierra Club attorney Nathan Matthews, who has challenged numerous LNG export terminals in court. "We want to litigate the fundamental question," he said. "Is this in the nation's interest?"

The U.S. is already the world's largest LNG exporter, and shipments are expected to continue to increase, according to the U.S. Energy Information Administration. The agency anticipates export capacity across North America will more than double by 2027, with U.S. terminals accounting for three-quarters of the new capacity. While LNG's supporters laud the fuel as important for U.S. economic and national security, critics say expansion in the face of rising global greenhouse gas emissions is a mistake.

Some in U.S. Gulf Coast communities say LNG boom harmful

(Financial Times; London; Nov. 27) - For decades communities on the U.S. Gulf Coast in Louisiana and Texas have lived in the shadows of gigantic petrochemical factories belching out toxins that earned their regions ignominious monikers, such as "Cancer Alley" and "Death Valley." Now, amid an unprecedented boom in U.S. liquefied natural gas exports to Europe, the fossil fuel industry is targeting these same communities to host a fresh wave of industrial facilities with the promise of jobs and investment.

But some locals are demanding a halt to the build-out, arguing they are becoming collateral damage in a race to safeguard European energy supplies following Russia's war on Ukraine — and boost corporate profits. "You're talking about communities that are already overburdened with pollution," said Roishetta Sibley Ozane, a mother of six children living in Sulphur, a suburb of Lake Charles on Louisiana's Gulf coast.

Ozane lives close to the Citgo Lake Charles refinery — one of the U.S. largest — and several petrochemical plants. Two of the biggest U.S. LNG export facilities — Sempra's Cameron and Venture Global's Calcasieu Pass — sit within a 30-mile radius, and companies are proposing to build half a dozen more in the vicinity. "What they (the companies) keep telling us is that because we already have all the industry and the pipelines, that's why … they're building the LNG," Ozane said. "They're saying it's cleaner than the petrochemical facilities that we already have."

The U.S. has passed Qatar to become the world's largest LNG exporter with seven operating terminals and more under construction or proposed.

Source of million-barrel Gulf of Mexico oil spill still uncertain

(Houston Chronicle; Nov. 28) - The source of a Gulf of Mexico oil spill believed to be roughly one-tenth the size of the 1989 Exxon Valdez disaster has not been identified, the U.S. Coast Guard said Nov. 28. An initial report to the Coast Guard on Nov. 16 said a pipeline rupture offshore Louisiana, near the mouth of the Mississippi River, released an estimated 1.1 million gallons into the gulf. The report cited \ corrosion as the likely cause of the leak that formed a slick between 3 to 4 miles wide "with dark oil scattered throughout," according to the National Oceanic and Atmospheric Administration.

A 67-mile pipeline operated by Houston-based Third Coast Infrastructure, believed to be the source of the spill, has been forced to shut down, halting production by several companies. About 61,000 barrels of daily oil production have been shut in until the source of the spill can be confirmed and addressed. Divers and remotely operated vehicles have so far inspected more than 40 miles of the pipeline roughly 19 miles offshore but have not identified any damage or leaks that could have led to the release, the Coast Guard said in a Nov. 28 statement.

Offshore pipeline leaks are most often caused by corrosion or damage from heavy objects, such as anchors falling on them, said Daniel Nagala, a longtime leak detection specialist and founder of Friendswood leak detection firm UTSI. Small leaks happen this way "fairly often," he said, but larger ones the size of this month's in the Gulf of Mexico are less frequent. While he would expect the source of a leak to generally be identified by now, he said finding a leak can be "like trying to find a needle in a haystack." Many subsea pipelines are either buried in dirt or are covered in concrete caps for protection.

LNG Canada plant will start flaring during testing next year

(Maple Ridge-Pitt Meadows News; British Columbia; Nov. 27) - Residents around Kitimat, British Columbia, should prepare for a prolonged period of continuous gas flaring in the second quarter of 2024 as LNG Canada readies to begin operations at its liquefaction plant. The company said the practice is standard during start-up and is expected to last more than three months due to the thousands of pieces undergoing testing. The Shell-led multibillion-dollar project is expected to start exports in 2025.

The flame will be visible in neighboring communities, The primary products emitted will be water vapor and carbon dioxide. "Flaring is a safety critical system and part of safe plant operations. It provides a reliable and safe way to combust gas from equipment when maintenance is required," LNG Canada spokesperson Paul Hagel said. As the

project approaches the final stages of construction, the focus is shifting to a critical, year-long start-up phase.

Once operational, “we expect a strong glow in the night sky, which will be visible by community members,” Hagel said. “The flare’s brightness will likely be comparable to similar-sized oil and gas manufacturing facilities in B.C. such as the flare at the refineries in Prince George or Burnaby.” Once the facility is fully operational, flaring will occur primarily only during maintenance and BC Hydro power outages, he said.

Cambodia scraps plan for coal power plant, will go with gas instead

(Reuters; Nov. 29) - Cambodia has abandoned plans to build a $1.5 billion, 700-megawatt coal-fired power project in a protected reserve along the southwestern coast and will build an 800-MW gas-fired plant instead, its energy minister said. As part of the project, Cambodia is exploring construction of a liquefied natural gas terminal to import the fuel and regasify it for use in the power plant, Energy Minister Keo Rottanak said.

The planned LNG terminal would be Cambodia's first and would make it a new import market in Southeast Asia. Vietnam and the Philippines took their first shipments this year. Rottanak said the gas plant would come online after 2030. He did not say how much the gas-fired plant and LNG terminal might cost. The planned Botum Sakor coal plant had been criticized by environmentalists and some residents for encroaching on some of Cambodia's densest forest areas, risking the disruption of livelihoods and polluting the reserve, home to dozens of endangered species, with coal dust.

The decision to scrap the coal project, which had been due to start producing power by the end of 2025, reflects the country's commitment to cleaner power, Rottanak said. Cambodia wants to lift its share of clean generation capacity to 70% by 2030 from 52% in 2022 by building new solar and wind farms and hydro projects. Cambodia, where power demand has grown about 15% annually in the past decade, has tapped hydropower to address surging electricity demand, unlike other countries in the region such as Malaysia and Vietnam, which have moved toward coal.

Proposed offshore Gulf Coast LNG project signs up customer

(Reuters; Nov. 27) - Delfin Midstream said on Nov. 27 it had entered into a long-term liquefied natural gas supply agreement with global commodity trader Gunvor. Delfin said its proposed offshore LNG plant on the Louisiana coast would supply between 500,000 to 1 million tonnes of LNG per year to Gunvor for at least 15 years. Delfin is developing the Delfin LNG Deepwater Port project of up to four floating LNG platforms with a combined capacity of about 13.3 million tonnes per year, the company statement said.

Delfin is in the last phase toward final investment decisions on its first three LNG production vessels, the release added. Last month, U.S. energy regulators extended the amount of time Delfin had to put the onshore part of its proposed Gulf of Mexico project into service until September 2027. The company continues to work to sign up customers and line up financing before making an investment decision.

Europe reships about one-fifth of the Russian LNG it receives

(Financial Times; London; Nov. 28) - More than a fifth of Russia's liquefied natural gas reaching Europe is reshipped to other parts of the world, a practice that boosts Moscow's revenues despite the European Union's efforts to curb the money flow in response to Russia's war on Ukraine. While contracts for so-called transshipment of Russian LNG have been banned in the U.K. and the Netherlands, data from 2023 suggests permitted Russian gas shipments are routinely transferred between tankers in Belgium, France and Spain before being exported to buyers in other continents.

The ship transfers are crucial for Russia as it attempts to make best use of its Arctic fleet. Transshipment usually takes place between Russian ice-class tankers that are used to run between the Yamal Peninsula and northwestern Europe and regular LNG tankers that then sail on to other ports, freeing up the ice-class vessels to return north. Ports in Belgium, Spain and France still receive large volumes from the Siberian plant Yamal LNG, whose biggest shareholders are Russia's second-largest gas producer Novatek, China National Petroleum Corp. and French energy major TotalEnergies.

About 21% of the Russian LNG that arrived at EU ports between January and September this year was transferred to ships destined for non-EU countries including China, Japan and Bangladesh, according to data from the Institute for Energy Economics and Financial Analysis, a think-tank. Unlike coal and oil, Russian gas has not been placed under sanctions by the EU, but the European Commission has said member states should rid themselves of Russian fossil fuels by 2027.

Japan reaffirms support for Mozambique LNG project

(Argus Media; Nov. 28) - Japan and Mozambique have reaffirmed their cooperation on resuming development of a liquefied natural gas export project in the east African nation, with Japan planning to continue importing the fuel despite its target of net-zero emissions by 2050. Japanese Foreign Minister Yoko Kamikawa and her Mozambique counterpart Veronica Macamo confirmed the importance of the LNG project in Cabo Delgado province during their meeting held in Tokyo on Nov. 27.

The project has been suspended since 2021 following attacks by militants. Japanese Premier Fumio Kishida had visited Mozambique in May and agreed with Mozambique

President Filipe Nyusi to encourage the restart of construction. Japanese trading house Mitsui has a 20% stake in the project through a subsidiary. Japan's state-controlled energy agency JOGMEC has been assisting Mitsui on the project since 2008 by taking a 49.9% stake in the subsidiary. The overall project is led by TotalEnergies with a 26.5% stake. The terminal is planned for 13 million tonnes of production per year.

Other stakeholders include Mozambique's ENH with 15%, Thailand's state-controlled PTTEP with 8.5% and Indian state-controlled firms ONGC, Oil India and Bharat Petroleum with 10% each. TotalEnergies is targeting to restart construction by the end of this year, with commercial operations beginning in 2028.

Shell authorizes engineering work on Trinidad and Tobago gas field

(Reuters; Nov. 28) – Shell has authorized contractor McDermott International to start engineering work on its Manatee gas field development project off Trinidad and Tobago's east coast, the contractor disclosed on Nov. 28. Trinidad is Latin America's largest liquefied natural gas exporter, but its flagship Atlantic LNG project and its petrochemical plants have been operating at reduced capacity due to a shortage of gas. McDermott said it got the green light to proceed on an engineering, procurement, construction and installation contract pending Shell's final investment decision.

Trinidad and Tobago's Energy Minister Stuart Young said he expects Shell to soon approve the project. "I expect in a very short time frame I will hear about an FID (final investment decision) from Shell on Manatee," Young told the country's Parliament. A Shell spokesperson said the project is progressing and the company expects to reach FID next year. Manatee is expected as soon as 2028 to produce 700 million cubic feet per day to help ease the nation's gas shortfall. Manatee is part of the cross-border Loran-Manatee discovery, shared by Trinidad and Venezuela.

The field holds some 10 trillion cubic feet of natural gas, with 7.3 tcf on Venezuela's side and 2.7 tcf on Trinidad's side. The countries negotiated for years to jointly develop the reservoir and signed preliminary agreements, but the U.S. imposed sanctions in 2019 on Venezuela's energy industry, stalling the final deal. This year, Shell submitted, and the government of Trinidad and Tobago accepted, the development plan.

Shell gets ready to start exports from Prelude LNG offshore Australia

(Reuters; Nov. 27) - Shell has almost finished extensive maintenance at its Prelude liquefied natural gas facility offshore Australia and is set to resume exports next month, according to industry sources and shipping data. The timing of the giant floating facility's return to operations is likely to coincide with peak consumption in major markets,

including China and Europe, as winter in the Northern Hemisphere drives demand, although high inventories have limited buying so far this year.

In a sign that the maintenance, which started in August, is near completion, the LNG tanker Symphonic Breeze has been booked to arrive at the facility on Dec. 6, shipping data shows. Shell declined to comment directly on the status of the maintenance. "Prelude is a complex facility in a remote offshore location. This is its first major turnaround, and we continue to work through the process methodically taking as much time as required to ensure safe execution of all activities," Shell said in a statement.

Prelude, whose deck is longer than four soccer fields, was the world's first floating LNG facility to use the novel technology and cost as much an estimated $20 billion. The operation, some 300 miles off the west coast of Australia, has suffered several outages since it started production in June 2019, including a fire that led to a full power loss in December 2021. At full operation, it can produce 3.6 million tonnes per year of LNG.

BP leaves Senegal gas field after country wants it for domestic use

(Bloomberg; Nov. 26) - BP exited one of its natural gas fields in Senegal earlier this month because of disagreement over the use of the commodity, the Senegalese government said. While BP sought to export the gas from the Yakaar-Teranga offshore field, Senegal wanted it for domestic use for its power plants, Minister of Oil and Energy Antoine Félix Diome said in parliament on Nov. 25.

“We didn’t agree with BP on the daily production capacity, on the commercial strategy or on the date of the first gas,” Diome said. “BP favored exports, while we want to develop the gas for the domestic market.” Senegal sees Yakaar-Teranga as crucial for its gas-to-power strategy to help increase electrification in the West African nation and lower fuel prices. BP exited its stake without any “financial compensation,” Diome said.

State-owned Petrosen plans to eventually take a majority stake in the field. Senegal wants to accelerate development to deliver gas by 2026, compared with BP’s earlier target of 2028, Diome said. “Senegal can’t wait that long,” he said. Yakaar-Teranga, located off the coast of Senegal, holds an estimated 25 trillion cubic feet of gas. Senegal is looking for a new partner to take a 34% stake by the production phase.

Disabled LNG tanker blocks loadings at Australia terminal

(Reuters; Nov. 28) - Shipments of liquefied natural gas from the Australia Pacific LNG terminal have come to a halt after a loaded tanker docked at the site lost power, operator ConocoPhillips and co-owner Origin Energy said on Nov. 28. So far, two LNG cargoes have been delayed, and Origin warned "it expected that more LNG cargoes will

be deferred," as the stricken vessel was blocking other tankers from entering the facility on Curtis Island off Australia's east coast.

APLNG, which has a capacity of 9 million tonnes per year of LNG, can only take one vessel at a time and on average loads one tanker every three days. Its two main customers are China's Sinopec and Japan's Kansai Electric. Vessel-tracking data showed the disabled tanker is the Cesi Qingdao, which was due to go to Wenzhou in China. The Chinese company that manages the ship confirmed that it experienced a propulsion failure while it was alongside the dock on Nov. 22.

"The vessel remains safely alongside and repair work is underway," the spokesperson said. Three other vessels are scheduled to arrive at APLNG before departing for China, according to shiptracking data from Kpler. Shiptracking data on LSEG Eikon shows the vessels are currently waiting off Curtis Island. Origin reduced gas flow to the APLNG site and said it would shift more gas into the Australian east coast market.