# Oil and Gas News Briefs
# Compiled by Larry Persily
# August 1, 2024

## Professor says Norwegians feel guilty about oil and gas wealth

(BBC; July 29) - The professor of Scandinavian literature at Oslo University says wealthy Norwegians are increasingly contrasting their comfortable lives with those of people who are struggling, particularly overseas. “We’ve seen the emergence of a narrative of guilt about people’s privileged lives in a world where others are suffering,” she says. Thanks to its significant oil and gas reserves, the largest in Europe after Russia’s, Norway is one of the world’s richest countries. The strength of its economy, as measured per member of its population, is almost twice that of the U.K., and bigger even than that of the U.S.

Norway runs a budget surplus. This is in marked contrast to most other nations, which have to borrow money to cover budget deficits. Oxfeldt is an expert on how Scandinavian books, films and TV series reflect the wider culture of their time. She says she increasingly sees these mediums explore Norway’s wealth guilt. “By looking at contemporary literature, films and TV series, I found that the contrast between the happy, fortunate or privileged self and the suffering ‘other’ brought about feelings of guilt, unease, discomfort or shame. “Not everyone feels guilty, but many do,” adds Oxfeldt, who coined the phrase “Scan guilt.”

Life has a habit of imitating art. In March, the Norwegian government said it put a stop to granting work permits for au pairs from the developing world. The Norwegian people’s guilt trips have egged on by a variety of people and organizations eager to question whether Norway’s wealth is based on ethical practices. In January, The Financial Times published a report that uncovered how fish oil made from fish caught off the coast of Mauritania in Africa was used as feed by Norway’s salmon farms. The farmed Norwegian fish, sold by major retailers in Europe, “is harming food security in western Africa,” the paper said.

## Pipeline operator will sell stake to Canadian Indigenous partnership

(Reuters; July 30) - Pipeline operator TC Energy said on July 30 it will sell a minority stake in its Canadian gas pipeline system to Indigenous communities for C$1 billion ($722 million) as part of a plan to reduce debt and fund investments. The agreement will enable an Indigenous-owned investment partnership to purchase a 5.34% stake in the NGTL system and Foothills assets in western Canada. The NGTL, spanning about 15,150 miles, connects most of the gas production in western Canada to domestic and export markets.

Calgary-based TC is best known for its Keystone oil pipeline, but the company is undergoing an overhaul and in the process of spinning off its oil pipeline business to focus on transporting natural gas. Analysts said the widely anticipated deal was a key step to achieving the company's C$3 billion asset sale target for 2024, and the healthy valuation would have a positive impact on investor sentiment.

The deal is backed by the Alberta Indigenous Opportunities Corp., a provincial crown corporation, and was negotiated by a committee representing 72 communities closest to the pipeline system in Alberta and British Columbia. The agreement follows other similar agreements struck by companies including Enbridge and Suncor Energy that have enabled Indigenous communities to take a stake in energy projects near their territories.

## Federal appeals court rejects FERC approval of gas line expansion

(Energy Wire; July 31) - A federal appeals court on July 30 tossed out an approval for a northeastern gas project, a victory for New Jersey's climate ambitions and advocates who want regulators to rethink how they weigh the need for new fossil fuel infrastructure. The U.S. Court of Appeals for the D.C. Circuit said the Federal Energy Regulatory Commission failed to consider significant environmental consequences and a lack of market demand for additional gas capacity when it granted a certificate for the contested project in 2023.

The record before FERC showed that the Transcontinental Pipe Line Co. expansion would result in "enormous" emissions for the next half century, said Judge J. Michelle Childs, writing the opinion for the D.C. Circuit. "But it then walked away from the issues with a fatalistic shrug," she said. Nowhere in FERC's certificate approving construction did the commission explain whether or how it had considered emissions, or how it found that those emissions were outweighed by the project's benefits, Childs continued.

The three-judge panel ordered FERC to start over on the certificate, noting that it was not "sufficiently likely" that the commission would be able to explain its decision-making if the court simply remanded the approval. The $1 billion project included about 36 miles of new pipe, as well as new and modified compressor stations and other facilities to serve about 3 million customers, primarily in New Jersey, as well as in other eastern states. ClearView Energy Partners said that because the project is already in service, FERC will likely issue a temporary certificate to allow it to operate through the 2024-2025 winter season.

Williams Cos., the parent company for Transco, said in a statement July 30 that the ruling would not have an immediate impact on the project or delay plans to place its full capacity into service. "We believe the court erred in vacating the certificate and we are taking the necessary legal and regulatory steps to address the court's concern and to ensure that this much-needed firm transportation capacity continues to be available to serve the needs of our customers without interruption," a Williams Cos. spokesperson said in an email.

## Louisiana LNG project opponents appeal FERC authorization

(Politico; July 30) - Environmental groups are appealing the Federal Energy Regulatory Commission's June approval of a major gas export project planned for southwestern Louisiana, likely foreshadowing a court fight. Longtime opponents of the proposed Calcasieu Pass 2 project submitted a rehearing request July 29 over the commission's authorization of Venture Global's liquefied natural gas export facility — and blasted FERC's decision to authorize the terminal.

In their filing, critics requested a stay of the FERC authorization to prevent construction or operation of the project, commonly known as CP2. The request — submitted by 10 groups and six individuals — is the latest clash over the project. Petitioners include landowners, environmental organizations, community groups and a coalition of commercial fishers who say the project would be harmful to the environment. The commission's 2-1 vote to approve the CP2 project last month came nearly a year after FERC issued a final environmental review for the project, prompting Venture Global to criticize the delay.

CP2 is planned for 20 million tonnes annual production capacity, with a construction cost of $10 billion, according to developer Venture Global. It would be the company's second LNG export terminal in Louisiana.

## U.S. LNG will go where it can get the highest price

(Bloomberg; July 30) - Russia was close to overtaking the U.S. as Europe's top supplier of liquefied natural gas this month, despite efforts by the region's politicians to block its fuel and punish Moscow for the war in Ukraine. The outcome is not so much about higher imports from Russia as it is slumping flows from America. The gap between the two countries' LNG deliveries to western Europe shrank in July to the narrowest since late 2021, according to preliminary ship-tracking data compiled by Bloomberg.

The dramatic shift illustrates how shippers of U.S. LNG will always choose a higher-paying region to direct their cargoes. American seaborne gas typically doesn't have destination restrictions. As soon as hot weather boosted demand in Asia, more of it was delivered there than during any month since 2021. Disruptions from tropical storms, meanwhile, have only exacerbated the shortage for Europe, with one of the largest U.S. export plants suspending loadings for more than two weeks in light of Hurricane Beryl.

Competition is also ramping up elsewhere. Egypt, which is battling power shortages amid extreme temperatures and reduced domestic gas production, has boosted LNG imports. The North African nation has to pay a premium to European prices to attract supply and took a share of U.S. flows this month. While Europe doesn't need that much gas during summer, the change highlights how tense the competition for LNG shipments can become. If it continues closer to the peak-demand winter season, prices will inevitably rise.

## New gas pipeline boosts flows from West Virginia

(S&P Global; July 31) - Natural gas production in West Virginia has stepped up notably since long-term contracts on the new Mountain Valley Pipeline started July 1. MVP was placed into service June 14 with interruptible and short-term capacity for the rest of that month before long-term firm capacity obligations began July 1. Flows into its terminus at the interconnect with Transco averaged around 500 million cubic feet per day June 15-30 and picked up to almost 1 billion cubic feet a day in July, Commodity Insights data showed.

The extra flows have coincided with a sharp uptick in regional gas production, particularly in the West Virginia side of the Marcellus Shale. Production in the state jumped to a record 9.2 bcf per day in July, up from 8.4 bcf per day in June, Commodity Insights data showed. Total Appalachian production rose to 35.1 bcf a day in July, up from just 33.7 bcf a day in May but still below the monthly peak of 36.2 bcf a day in December 2023. The region's total is about one-third of overall U.S. natural gas production.

Although the Mountain Valley Pipeline has a capacity of 2 bcf a day, Commodity Insights analysts report infrastructure constraints on the Transco system will hold MVP's flow below capacity until late 2027. A Transco project to accommodate additional gas is currently in the prefiling process with the Federal Energy Regulatory Commission, but has already received some pushback from environmental groups.

## Full pipelines could constrain exports of Permian Basin crude

(Bloomberg; July 29) - Crude oil pipelines connecting the busiest Texas oil fields to a critical export hub across the state are nearly out of space, threatening to cap U.S. oil exports at a time when the world needs more. Key pipelines that transport oil produced in the Permian Basin to the Port of Corpus Christi are more than 90% full, and companies that operate some of these lines say the congestion is likely to get worse. By the second half of 2025, the pipes could be 94% to 95% full, said researcher East Daley Analytics.

Demand for the limited pipeline space comes at a time when the U.S. is producing more crude oil than any other nation, with output set to hit a new record next year. The Permian, one of the top producing shale basins in the world, accounts for nearly half of all U.S. oil production. While output is set to keep growing, it will be difficult for that incremental output to reach international buyers without ample pipeline space.

If growth in the U.S. crude exports stalls, it threatens to create pockets of oversupply domestically and exacerbate supply tightness in other regions of the world, which have come to rely on U.S. barrels more than ever after Russia's invasion of Ukraine and OPEC+ supply curbs. Demand from China also will play a role in the medium-term supply-demand balance, said Kristy Oleszek, East Daley's director of energy analytics. Some Permian oil could be rerouted to the Houston area, alleviating some congestion. OneOK's Longhorn and BridgeTex pipelines in particular could offer options to move oil to the Gulf Coast.

## Biden administration wants more money to refill oil reserves

(Bloomberg; July 29) - The Biden administration wants more money to purchase oil as it seeks to expand its efforts to refill the depleted U.S. emergency cache. The Energy Department has been slowly replenishing the Strategic Petroleum Reserve, which reached a four-decade low following an unprecedented drawdown in the wake of Russia’s invasion of Ukraine. Two years ago, the Biden administration ordered the release of a record 180 million barrels from the emergency oil supply in the face of surging retail gasoline prices.

Since then, the administration has purchased some 43.25 million barrels of oil to help replenish the emergency cache, including 4.65 million barrels announced on July 29. The administration is seeking to take advantage of a dip in crude prices, which have fallen about 10% since early April and below the White House’s stated buying range of $79 a barrel and below. But the administration only has about $1.2 billion left in the account it maintains to purchase oil for the reserve, Deputy Energy Secretary David Turk said in an interview. That’s roughly enough for 15 million more barrels.

“We would like to, of course, do more than that,” Turk said. “But we do need additional funds to buy back even more, and we’re in continuing contact with Congress to make sure that everyone is doing their part there.” New appropriations by Congress for additional oil purchases “seem unlikely with today’s Congress and today’s market balances,” Kevin Book, managing director of ClearView Energy Partners, said in an email, though he noted that could change. The reserve currently holds 375 million barrels of oil, according to Energy Department data. It held approximately 600 million barrels at the start of 2022.

## Owner sells Nova Scotia LNG project site to renewable energy hopeful

(CBC News; Canada; July 29) - An Alberta-based energy company has closed the sale of its assets on Nova Scotia's Eastern Shore, where it had once envisioned building a liquefied natural gas export facility, opening the door for a start-up company to pursue a renewable energy project. Pieridae Energy announced the sale of its subsidiary, Goldboro, in a news release last week, revealing the C$12 million price tag.

Pieridae had been pursuing an LNG plant for more than a decade before it abandoned the idea last year. It wanted to pipe in natural gas from across North America, then liquefy and ship it to Europe. The company estimated it would export 10 million tonnes of liquefied natural gas per year. After failing to attract nearly a billion dollars in support from Ottawa in 2021, Pieridae shelved the project, then put the assets up for sale last fall.

Pieridae sold the property to a Nova Scotia company owned by Sam Roch-Perks, co-founder and director of Irish-based Simply Blue Group. According to the company's website, it's working on a "large-scale project" in Canada that will include a renewable energy park "used to produce clean fuels using an assortment of technologies." The website says those fuels would in turn be used to produce bio-methanol, green hydrogen, green ammonia and sustainable aviation fuel — a low-emissions fuel used to power commercial airplanes. Simply Blue did not respond to CBC's request for an interview.

## TotalEnergies exits South Africa discovery, says too costly to develop

(Bloomberg; July 29) - TotalEnergies has quit its gas condensate discoveries off the tip of South Africa, in a blow to a country that's planning to use more of the fuel for power production. The company exited the Brulpadda and Luiperd finds because "it appeared to be too challenging to economically develop and monetize these gas discoveries for the South African market," TotalEnergies said in a statement on July 29.

The decision comes as South Africa, which imports all its oil and gas, plans to use more of the fuel to reduce its dependence on coal for power generation. Potential production from the fields was also earmarked as feedstock for state-owned PetroSA's 45,000-barrel-a-day gas-to-liquids plant. South Africa's mineral and petroleum resources department said in a statement that it's "confident that a suitable investor" will come in to develop the fields.

Mineral and Petroleum Resources Minister Gwede Mantashe has defended oil exploration, even as environmentalists opposed activity. The passage of new legislation is intended to give explorers clarity they've previously lacked. TotalEnergies spent at least $400 million, using unprecedented engineering solutions to drill in one of the fastest ocean currents in the world. It found an estimated 1 billion barrels equivalent of light liquid hydrocarbons at the Brulpadda field in 2019 and had further success at the Luiperd well the following year, but neither progressed to development.

## Oman plans to expand its LNG production and export facility

(LNG Prime; July 29) - State-owned Oman LNG plans to add a new liquefaction train at its three-train Qalhat complex by 2029. Oman's Ministry of Energy and Minerals said in a statement on July 27. The new train will have a capacity of 3.8 million tonnes per year. "The strategic expansion will boost Oman's production of LNG to 15.2 million tonnes per year, optimize the utilization of the country's available discovered volumes of natural gas resources, while enhancing its LNG export capabilities," it said.

According to the statement, Oman's government is progressing with finalizing the front-end engineering design study for the project. This step is expected to pave the way for the final investment decision, it said. The project is expected to be completed and operational by 2029, helping to meet the growing global demand for LNG, the statement said.

Oman LNG delivered 173 cargoes of LNG from its Qalhat complex in 2023, down by three cargoes compared to 2022 but up from 2019-2021. Oman produced 11.5 million tonnes of LNG in 2023, exceeding the enhanced nameplate capacity. Oman LNG operates three liquefaction trains at its site in Qalhat near Sur.

## Production continues to drop at Russian LNG plant

(Bloomberg; July 29) - Russia's biggest producer of liquefied natural gas in June cut processing at its Arctic LNG 2 facility to the lowest level since February, after U.S. sanctions curtailed export options due to a shortage of specialized tankers. The Novatek-led plant processed about half as much gas in June as it did in May, according to a person with knowledge of industry data.

Russia's LNG industry has become a target of Western sanctions as the U.S. and its allies work to reduce the Kremlin's revenue from energy exports amid the war in Ukraine. Arctic LNG 2 had been key to Moscow's plans to triple production of the fuel by 2030. The U.S. first sanctioned the plant last November. Since then, it has imposed curbs on other Novatek LNG projects, as well as some tankers designed to export cargoes.

European Union sanctions, set to kick in next year, are intended to limit port access and transshipment options for Russian LNG cargoes. There are signs that Russia may now be amassing a shadow fleet to ship the fuel despite the sanctions. Exports from the first production line of Arctic LNG 2 were initially scheduled to start in the first quarter of this year, but the Western restrictions have delayed them indefinitely. Gas production at the fields that feed Arctic LNG shrank to 1.2 billion cubic feet in June, a five-month low, the person said, citing industry data. Some of the gas was used for the plant's own needs.

## UAE company takes control of tankers built for Russian LNG project

(Energy Intelligence; July 30) - New Transshipment, a little-known company in Dubai, United Arab Emirates, has become the majority shareholder in four specialized tankers built over the past year to transport LNG from the Arctic LNG 2 project operated by Novatek, Russia's largest independent gas producer. According to corporate filings in Singapore, New Transshipment now owns 75% interests in the North Sky, North Air, North Mountain and North Way, with the remaining 25% owned by SCF Gas Carriers, a Liberian-registered vehicle for Russia's state-backed shipping company Sovcomflot.

The filings indicate that the new ownership structure was put in place in April, the same month that management of the four ships passed to another obscure Dubai-based outfit, White Fox Ship Management. Entities domiciled in Dubai are not obliged to reveal their ownership. Attempts to contact the two companies by email were not successful. New Transshipment has previously cropped up as the owner of another LNG carrier linked to Arctic LNG 2, the Pyotr Kapitsa, which has not left its construction yard due to sanctions.

Pyotr Kapitsa is one of six ice-class tankers ordered for Arctic LNG 2 from the Hanwha shipyard in South Korea that was caught in legal limbo because of U.S. sanctions imposed against Arctic LNG 2 last November, prohibiting transfer of the tankers to the blacklisted project operator. Until New Transshipment took a majority stake in the four tankers, the ships were owned by a joint venture of Japan's Nippon Yusen Kabushiki Kaisha (NYK) and

Russian state Sovcomflot. Earlier this month, NYK confirmed that it had sold the ships and disbanded the joint venture but provided no further details about the transactions.

## Japan sees need for long-term LNG contracts despite shrinking demand

(S&P Global; July 29) - Japan's Ministry of Economy, Trade and Industry intends to find ways to help support Japanese companies commit long-term LNG contracts as the country considers a new Strategic Energy Plan, the newly appointed director-general of natural resources and fuel said. The remarks come as Japanese companies in recent years have shown some reluctance to commit to new long-term LNG contracts, due in part to the shrinking share of LNG in the country's electricity mix under the current energy plan, the country's principal energy policy, coupled with uncertainty over future demand for gas.

Under the Strategic Energy Plan formulated in 2021, Japan expects LNG to account for 20% of power supply sources in fiscal year 2030-2031, compared with 37% in 2019-2020. Japan on May 15 launched a series of policy discussions to form a new Strategic Energy Plan by the end of 2024-2025. The importance of carbon capture and storage, alongside hydrogen and ammonia for decarbonization, were among the focus points at the July 23 committee meeting, said Hajime Wakuda, who took the helm of the natural resources and fuel department at METI's Agency for Natural Resources and Energy on June 24.

"In particular, many committee members commented on the importance of long-term (LNG) contracts for stable procurement," he said. To further boost LNG supply security, Japan will also work on diversification, looking at Canada, the U.S. and Qatar among others for its supplies, Wakuda said. "With Canada's sea lane very close and safe, as well as its stability as a country, Japan is interested in this exceedingly promising LNG," said Wakuda, adding that it did not mean ruling out projects in other countries.

## Brazil’s state-run oil company makes offer on huge Africa discovery

(Reuters; July 26) - Brazil's state-run oil firm Petrobras has made a non-binding offer to buy a major stake in Portugal-based Galp Energia's huge offshore oil discovery in Namibia, Petrobras exploration and production director Sylvia dos Anjos told Reuters on July 26. If accepted, the bid would make Petrobras the operator of the Mopane oil and gas field off the coast of the southwest Africa nation, which holds an estimated 10 billion barrels of oil equivalent, Anjos said in her first interview since taking her new role in June.

"We are the best deepwater operators," said Anjos on the sidelines of an oil and gas conference in the northeastern Brazilian state of Sergipe. "If (Galp) don't choose us, it's their loss." Petrobras is seeking opportunities abroad due to "unacceptable" difficulty in getting environmental licenses to explore new areas in Brazil, Anjos said. The firm has hit stiff resistance from Indigenous groups and environmental regulators, slowing its efforts to drill in promising offshore areas near the mouth of the Amazon River.

Workers at environmental agency Ibama have also been slow-walking all licensing this year due to a labor dispute. "We want to work in Brazil, but if we are not welcome, we will go somewhere else," Anjos said. More than a dozen rivals, including ExxonMobil and Shell, have expressed interest in buying a 40% stake in Galp Energia's oil field, Reuters has reported. Anjos did not say whether the bid was to buy the full 40% or a smaller share.

## Colombia will run short of gas until new fields come online

(Bloomberg; July 30) - Ecopetrol expects natural gas from Colombia’s Caribbean waters to come online as soon as 2029, two years later than previously anticipated and not in time to curb a looming fuel shortfall for domestic consumers. Colombia is set to face a gap between its domestic supply of gas and demand beginning next year. The fuel gap of around 12% is expected to widen to about 30% in 2026 and will keep increasing until deepwater deposits meet local needs.

In the meantime, the South American nation’s biggest companies are bracing for energy costs to soar, with gas imports potentially costing two or three times more than current domestic supply. Ecopetrol is planning to spend $300 million this year — the most it has invested in offshore drilling in any year — as it pushes to produce more gas and get it to consumers in fewer than the 10 to 15 years it normally takes to bring to market, according to Elsa Jaimes, the company’s offshore chief.

## Crowley takes delivery of new LNG bunker barge for ship refueling

(Work Boat; July 31) - The 416-foot-long liquefied natural gas bunker barge Progress, described as “the largest U.S. Jones Act-compliant vessel of its kind,” was delivered to Crowley, in Jacksonville, Florida, after construction was completed at Fincantieri Bay Shipbuilding in Sturgeon Bay, Wisconsin. The Progress will provide LNG fuel bunkering services for ship operators at the Port of Savannah, Georgia, after commissioning, a July 31 announcement from Crowley said. Shell has a long-term agreement with Crowley to operate the barge. Designed by Crowley’s engineering services group, the barge has a capacity of 3.17 million gallons of LNG, equal to about 250 million cubic feet of natural gas.