Oil and Gas News Briefs
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OPEC+ postpones meeting amid disagreement over production cuts

(Agence France-Presse; Nov. 28) - The OPEC+ alliance of major oil-producing nations has postponed a meeting to Dec. 5 in what analysts said were signs of disagreement among the group over plans to increase output. The 22-member OPEC+ group led by Saudi Arabia and Russia was due to decide on its 2025 output policy at a ministerial meeting originally set for Dec. 1. But the Vienna-based Organization of the Petroleum Exporting Countries said in a statement Nov. 28 that the meeting was rescheduled to Dec. 5 "as several ministers will be attending the 45th Gulf Summit in Kuwait City."

An OPEC spokesman said the Dec. 5 meeting will be online. In a bid to boost oil prices, eight OPEC+ members announced earlier in November they were extending supply cuts until the end of December. Prices firmed in recent days at the prospect that key OPEC+ members would delay again a boost in production, which was due to begin in January. "The oil market in 2025 has no room for additional OPEC+ barrels," said analysts at DNB, Norway's largest bank.

Rystad Energy analyst Jorge Leon raised doubts that the meeting's postponement was due to a scheduling conflict with the Gulf Summit in Kuwait. "The dates were set a long time ago, so it's not that they realized three days ago that there is a clash," Leon said. "What it might be hinting is that the group needs a little bit more time to decide what to do next." If OPEC+ maintains its production cuts of several million barrels per day, their market share could fall as non-OPEC nations continue to produce more oil, according to analysts. But if the group raises its production, prices will drop.

Tariffs on Canadian, Mexican oil could raise costs for U.S. refineries

(Independent Commodity Intelligence Services; Nov. 27) - The tariffs proposed by President-elect Donald Trump on imports from Mexico, Canada and China would raise costs for the heavier grades of oil needed by U.S. refineries as well as rare-earth elements used to make catalysts for refining units. Trump said he intends to issue an executive order imposing tariffs of 25% on imports from Mexico and Canada on his first day in office. He also announced intentions to impose additional tariffs on imports from China. This would be on top of the existing duties the U.S. already imposes on China.

The tariffs as they are proposed by Trump would raise costs for key inputs used by U.S. refiners. Outside of fuels, it could rise costs for fluoro-materials, since Mexico is the source of most of the imported feedstock. U.S. refineries are generally designed to

process grades of crude that are heavier than the oil it produces domestically from shale oil, said Michael Connolly, principal refining analyst for ICIS. As a result, the U.S. exports its surplus of light oil and imports the heavier grades needed by its refineries.

Those imports help fill out refining units that process heavier crude fractions, such as hydrocrackers, cokers, base oil units and fluid catalytic cracking units, Connolly said. In 2023, the majority of those imports came from Canada and Mexico.

U.S. tariffs could push Canadian and Mexican crude to Asia

(Reuters; Nov. 27) - Oil producers in Canada and Mexico will likely be forced to reduce prices and divert supply to Asia if U.S. President-elect Donald Trump imposes 25% import tariffs on crude imports from the two countries, traders and analysts said. Two sources familiar with Trump's plan told Reuters that oil would not be exempted from potential tariff hikes on imports from Canada and Mexico, despite the U.S. oil industry's warnings that the policy could hurt consumers, industry and national security.

Canada and Mexico are the top two oil exporters to the U.S., supplying 52% and 11% of its overall imports, respectively, data from the U.S. Energy Information Administration showed. The U.S. takes 61% of the waterborne exports from Canada and 56% from Mexico, ship-tracking data from Kpler showed. Canadian waterborne exports jumped 65% to about 530,000 barrels per day in 2024, the data showed, after the opening of the expanded Trans-Mountain Alberta-to-West Coast pipeline increased shipments.

"The Canadian producers, if they face export constraints, if they're not able to reroute their barrels that previously were exported to U.S. to other markets, may face deeper discounts and may also suffer some revenue losses," Daan Struyven, co-head of global commodities research at Goldman Sachs said. Canada and Mexico export mainly heavy high-sulfur crude processed by complex refineries in the U.S. and most of Asia. Canadian producers will have to discount their oil more to attract demand from Asian refiners and cover long-distance shipping costs, a Singapore-based trader said.

Canadian oil producers say tariffs would raise fuel prices in U.S.

(BBC; Nov. 28) - In Canada’s oil-rich province of Alberta, there is a deep sense of unease over President-elect Donald Trump's threat to impose a 25% tariff on Canadian goods. Canadian politicians and energy experts are warning the hefty tariff would have dire consequences for the economy of America's neighbor — and boost prices for U.S. consumers. "Canada has no choice in this," Dennis McConaghy, an Alberta-based former energy executive, told the BBC. "It has to find an accommodation with Trump."

Trump announced on Nov. 25 that he will slap an across-the-board tariff on Mexico and Canada — with no suggestion of excluding oil and gas. Lisa Baiton, CEO of the Canadian Association of Petroleum Producers, said the levy would likely mean Canada producing less oil and job losses in Alberta, with potential repercussions for Canada as a whole, as poorer provinces rely on cash transfers from revenues generated by wealthier provinces — like Alberta — to help offset costs and provide social services.

U.S. fuel makers have also urged Trump to rule out oil and gas from any proposed levies, given that Americans rely heavily on imported Canadian crude. "Crude oil is to refineries what flour is to bakeries," said the American Fuel and Petrochemical Manufacturers industry group in a statement this week. "It's our No. 1 feedstock and input cost. If those feedstocks were to become significantly more expensive, so too would the overall cost of making fuel here in the United States."

Canada should export more oil and gas overseas if U.S. applies tariffs

(Calgary Herald columnist; Nov. 29) – Alberta Premier Danielle Smith mused this week about finding ways to "derisk" the moribund Keystone XL pipeline project that would ship more oil into the U.S., but without putting government money on the table. Here's a better idea: Alberta and the federal government should examine ways to kick-start Canadian projects that move oil and gas to the West Coast for export to the world.

And good places to start would be moving forward on developments such as the second phase of the LNG Canada project or the proposed Ksi Lisims LNG, both on the British Columbia coast, or enhancing future pipeline capacity to transport more oil to the Pacific coast for export by tanker. In a world where President-elect Donald Trump is vowing to apply a punitive 25% tariff on all Canadian imports — and with U.S. protectionism surging — it's time for Canada to secure more energy customers.

"We should be pursuing multiple outlets off the West Coast for LNG in a much more rapid pace than we are right now," Ian Anderson, former CEO of pipeline operator Trans Mountain Corp., said Nov. 28. "You've got to believe in the resource richness of our country, the global demand for what we have and providing access to that. And I think for both oil and LNG off the West Coast is what we should be pursuing." It won't be easy. But with $133 billion of Alberta's oil and gas shipped to the U.S., a lot is at stake. More infrastructure that can reach more customers is a sound diversification policy.

Large jump in U.S. oil production doesn't make economic sense

(Wall Street Journal; Nov. 27) – President-elect Donald Trump's Treasury Secretary has a government deficit-reduction plan, which includes the U.S. producing an additional 3 million barrels of oil-equivalent a day. Not only does that seem impossible to implement,

but it makes little sense. Convincing companies to produce more — the equivalent of over a fifth of total U.S. oil output today — will be a near-impossible task. The industry was scarred by years of overproduction during the shale boom. Investors no longer tolerate wildcatter behavior and would rather see cash returns over excessive fracking.

Trump's major oil and gas donors have already signaled that they don't want to "drill, baby, drill." U.S. energy companies on average say they need crude to be at least $65 a barrel for drilling to be profitable and $89 a barrel for them to increase drilling substantially, according to the latest survey by the Kansas City Federal Reserve. With prices today below $70 a barrel, there is scant incentive for drillers to boost output.

Trump could lower costs and barriers for producers, such as by rolling back methane emissions regulation and making it easier to get permits to drill on federal lands. Such moves could help reduce break-even prices, but not by enough to make a big difference in U.S. production, notes Gary Ross, CEO of Black Gold Investors. The idea of driving prices down and encouraging production at the same time is an oxymoron, he notes.

Another possibility is a windfall tax that penalizes producers that don't reinvest a certain amount of profit back into the business. But that would likely be unpopular with Trump's supporters in the oil patch. Taking barrels off the market, such as with tougher sanctions on Iran and Venezuela, could help stoke U.S. production but wouldn't cut energy costs.

U.S. LNG could be at risk if Trump eases sanctions on Russian gas

(Bloomberg; Nov. 28) - Liquefied natural gas has turned America into an energy export superpower, and President-elect Donald Trump wants to ship even more of the fuel to the world. Tightening — or just maintaining — sanctions on Russian LNG production would help. The Biden administration has taken a hard stance on President Vladimir Putin's gas ambitions, slapping restrictions on the flagship Arctic LNG 2 facility and on the fleet of so-called shadow tankers trying to move the fuel.

Unusually for such measures — which tend to work slowly — the impact has been swift. Arctic LNG 2 has struggled to find buyers for its output and is now idled, dealing a blow to Moscow's efforts to replace its once-lucrative piped gas sales to Europe. All of this is good news for U.S. producers. Trump plans to put LNG at the heart of his government's "drill, baby, drill" energy policy. Among first steps, his transition team is crafting an executive order to lift President Joe Biden's moratorium on new LNG export permits.

Gas clout is valuable in trade negotiations: LNG shipments go to many countries that have trade surpluses with America. Buyers are already talking about purchasing more U.S. fuel, in part to deter the threat of tariffs. Yet there's concern among supporters of curbs on Russia that Trump — who has shown little regard for precedent — has repeatedly vowed to negotiate an end to the war in Ukraine. And that may mean concessions on U.S. restrictions on Russian LNG projects, gas sales and transport.

Deepwater drilling investment highest since 2016

(Financial Times; London; Nov. 17) - About 150 miles southeast of New Orleans, Shell's newest oil platform looms above the choppy waters of the Gulf of Mexico. Dubbed Vito, the structure embodies a new approach to offshore drilling for Shell and the industry at large. "Vito represents the future of Shell in the Gulf of Mexico," said Ireti Omotoso, Shell's general manager for U.S. growth assets. "She is faster, leaner, creates less emissions and is technologically more advanced than earlier platforms," he said.

Vito is part of a new generation of facilities being deployed by the industry as it cranks up spending on deepwater drilling in waters 500 feet below the surface, banking on the world remaining thirsty for hydrocarbons for years to come. The industry's pitch to investors is that new technologies and efficiency gains can slash the hefty price tag of deepwater drilling, while dramatically lowering emissions during the extraction process.

Plumbing the depths for hydrocarbons is back in vogue. Shale's once explosive growth has faded and companies are searching for new sources of oil and gas. Russia's war on Ukraine caused prices to soar, leaving companies rich with cash at the same time many governments are putting energy security over climate targets. This has encouraged the industry — and investors — to greenlight new ventures, speed up exploration of new frontiers in Africa, South America and Asia and drill deeper into the seabed.

Companies will pour almost $104 billion into deepwater this year, according to estimates from Rystad Energy, up by almost half since 2020 and the highest since 2016. By 2027, that will rise to nearly $140 billion. The uptick has fueled a rush for equipment: Last year the price of hiring drill rigs hit a nine-year high, according to data provider RigLogix. But the industry faces opposition from environmentalists alarmed at the prospect of locking in billions of barrels of extra production that will continue pumping for years to come.

LNG Canada partners ramping up production, anticipating start-up

(RBN Energy; Nov. 27) - RBN Energy estimates that combined natural gas production of the equity partners in the LNG Canada project rose to a record 2.16 billion cubic feet per day in October, 0.24 bcf per day higher than a year ago and the ninth month this year in which output has been higher than 2 bcf per day. The equity partners, all with gas holdings in northeastern British Columbia, are selling their gas production on the market while anticipating the start-up of the Shell-led liquefaction and export terminal under construction in the West Coast port city of Kitimat, B.C.

In addition to Shell, the partners are PetroChina, Korea Gas, Mitsubishi and Malaysia's Petronas. The project, with a capacity to produce 14 million tonnes per year, has a 40-year export license. With the LNG Canada project well into its equipment testing phase that began at the end of August, RBN anticipates that the site's gas intake will move higher and could be approaching 500 million cubic feet per day by late December.

“We expect first LNG exports by the end of the fourth quarter or early in the first quarter as part of LNG Canada’s commissioning process and prior to official handover of the facility from the construction contractor to the LNG Canada partners by mid-2025,” the energy market consulting firm reported.

Australia energy company seeks partners for 50% of U.S. LNG project

(Reuters; Nov. 28) - Woodside Energy expects to bring several partners into its Louisiana liquefied natural gas development by the time the company gives the financial go-ahead to the U.S. project in the first quarter of 2025, its CEO said. Australia-listed Woodside is seeking to sell a 50% stake in the Louisiana LNG project, which it fully owns following the $1.2 billion acquisition of developer Tellurian in October. The Gulf Coast facility could convert shale gas into up to 27.7 million tonnes per year of LNG.

Woodside has held talks with U.S. gas producers, traditional LNG buyers who may also take an equity stake along with LNG supplies from the project, as well as infrastructure-focused investors seeking steady revenue over a long time, CEO Meg O'Neill told Reuters. Announcements on new partners in the projects would be "concurrent with the FID (final investment decision) at the latest," she said.

"The goal is to put together a dream team where everybody in the partnership brings something of value. It might be an understanding of the onshore gas market, it might be infrastructure capital and LNG offtake and marketing expertise," she said. O'Neill would not name any of the companies they have engaged with. Reuters reported last month that Woodside was in talks with Tokyo Gas on a stake in the project, citing sources.

New LNG terminal in Louisiana could start shipping in January

(S&P Global; Nov. 28) - Venture Global has sold LNG cargoes from its new Plaquemines terminal in Louisiana for the initial months of 2025 through short-term deals, multiple trade sources told S&P Global Commodity Insights. The sales, totaling about four to five cargoes per month, affirm expectations that Plaquemines could commence LNG exports in January. On Nov. 21, Venture Global received permission from the Federal Energy Regulatory Commission to introduce feed gas into the plant.

Trade sources indicated that some of the January LNG cargoes were sold at Dutch hub prices minus 60 to 70 cents per million Btu. Venture Global is also offering LNG cargoes for the remainder of 2025, according to trade sources. The plant, when fully operational, is designed to produce 20 million tonnes per year of LNG. The impending plant opening comes as global LNG supply has been constrained due to concerns about increased European demand related to cold weather, apprehensions regarding supply security amid geopolitical tensions and potential reductions in pipeline gas supply from Russia.

Hard winter could drive competition for gas supplies to Europe, Asia

(Bloomberg; Nov. 26) - A harsh winter would push Asian and European consumers into competition for the same gas as supplies of the fuel are stretched, according to Equinor. "How big that fight becomes is completely dependent on the weather," Equinor CEO Anders Opedal said at a conference on Nov. 26. He does not foresee the extreme volatility seen in 2022, but said small changes in the market will have a big impact on prices because "we are right at the edge when it comes to the supply-demand curve."

Norway's biggest oil and gas company has said that it plans to spend between 60 billion kroner (US$5.7 billion) and 70 billion kroner annually through the middle of the decade to maintain supply volumes. Demand for the country's hydrocarbons jumped following the outbreak of the war in Ukraine and remain critical for the continent's energy security. Equinor aims to supply 1.4 trillion cubic feet of natural gas annually through 2035.

"No positive thing comes from supply-side shocks," Prime Minister Jonas Gahr Store said in a speech at the same conference. "We will continue to develop the Norwegian continental shelf as a stable and long-term supplier with an active policy of exploration." The amount of oil and gas coming from the shelf in 2035 will be around 1.2 million barrels of oil equivalent per day, on par with volumes pumped at the start of the decade, Kjetil Hove, Equinor's head of Norwegian exploration and production, said in August.

TotalEnergies on track for Nigerian gas project to feed LNG plant

(Bloomberg; Nov. 29) - French energy major TotalEnergies may greenlight a $750 million gas project in Nigeria next year, potentially signaling that the African nation's efforts to revive investment in its hydrocarbon production are making progress. Earlier this year, Total approved an investment of about $500 million in a joint venture with state-owned Nigerian National Petroleum Co. to develop the Ubeta onshore field. That project, at 300 million cubic feet per day, will boost supply to Nigeria's LNG plant.

"We have another dry gas project called Ima which we hope to sanction next year for about $750 million," Mike Sangster, senior vice president Africa, exploration and production at TotalEnergies, said at a France-Nigeria business forum in Paris on Nov. 29. The shallow-water project, developed with a local partner, would further boost supply to the 25-year-old LNG facility.

Since coming to office in May 2023, President Bola Tinubu has worked to address challenges in the oil and gas sector, signing two executive orders this year to boost efficiency. Nigeria hopes to attract as much as $10 billion of new investment in deep-water gas exploration through tax breaks and other proposed measures.

UAE will create new company for gas, chemicals, low-carbon energy

(Bloomberg; Nov. 27) - The United Arab Emirates's biggest oil producer will form an investment company for international natural gas, chemicals and low-carbon energy — three key businesses in the company's global expansion push. Abu Dhabi National Oil Co. will start the business, to be called XRG, in the first quarter of next year, according to a statement. The new firm will have an enterprise value of over $80 billion and will aim to more than double the value of its assets over the next decade.

ADNOC didn't name top leadership for the new company or disclose details on budgets or funding for the new business. It said it will hold a global strategy day next year. The UAE is using its vast oil wealth to prepare the country for the energy transition, looking to create jobs and industries like tourism, technology and manufacturing, which can bring in income after the world moves away from using hydrocarbons. Part of that strategy relies on building up an international gas trading and chemicals businesses.

XRG will be a wholly owned unit of ADNOC, according to the statement. Two years ago, ADNOC announced that it was setting up a business line within the company to expand its international gas, chemicals and clean-energy operations. That business was eventually given a budget of $23 billion. The UAE has earmarked $150 billion for ADNOC to raise output of hydrocarbons while at the same time working to neutralize the effect of planet-warming emissions by mid-decade.

Norwegian company will close down green hydrogen business

(Bloomberg; Nov. 27) - Norsk Hydro will shut its battery materials and green hydrogen businesses, in a further sign of the commercial pressures on companies striving to meet Europe's green-energy goals. The Norwegian company — a major producer of hydropower and aluminum — has been building a battery business since 2017, investing in firms involved in recycling, lithium production and other raw materials. It also held a minor stake in Northvolt, which filed for bankruptcy protection last week.

Hydrogen fuels have been an enticing alternative market for aluminum producers with in-house supplies of green energy, particularly during periods of weak demand for aluminum. The technology was once hailed as a potential silver bullet for curbing carbon dioxide emissions from heavy industries, but its high costs have caused financial strains, delaying a number of high-profile European projects.

"No question that they will play a role in the future, but we will focus on the core areas of what we know," Norsk Hydro CEO Eivind Kallevik said on Bloomberg TV. "It's really about how you allocate capital and where you keep the management's focus." The business units will be phased out over time, but Hydro will continue to support its Hydrovolt battery recycling operation, it said. The company was set up as a joint venture

with Northvolt in 2020. The joint venture is close to the aluminum maker's other recycling businesses, with synergies that it plans to develop, the CEO said.

Alberta says it will challenge and defy federal emissions cap

(Bloomberg; Nov. 26) - Alberta intends to invoke provincial legislation allowing it to defy a federally proposed cap on emissions from the energy industry, in opposition to Prime Minister Justin Trudeau. The Canadian province, which holds the world's third-largest crude reserves in its oil sands, plans to introduce a motion to "stop a federal cap from infringing on the province's distinct jurisdiction," Alberta's government said.

Trudeau's government earlier this month announced a plan to implement a cap-and-trade system to require the oil and gas industry to cut emissions as much as 35% below 2019 levels. The plan would go into force in six years. Alberta has vowed to challenge the proposal, arguing it will result in a production cut of at least 1 million barrels a day of oil and gas in the province, while effectively prohibiting any production growth.

"Albertans are relying on us to stand firm on this and we will not let them down," Premier Danielle Smith said in a press conference from Edmonton. The Alberta Sovereignty Within a United Canada Act, passed early in Smith's term in office, orders provincial agencies to not enforce or aid in enforcing federal rules deemed unconstitutional or "causing harm to Albertans." Should a cap become law, Alberta will launch an immediate constitutional challenge, the government said.

Tokyo Gas real estate portfolio worth as much as $9.7 billion

(Bloomberg; Nov. 26) - An annual report to shareholders from Tokyo Gas, expected this week, could be the first opportunity for Japan's largest gas company to signal its plans for a sprawling, multibillion-dollar property portfolio that activist Elliott Investment Management estimates could be worth as much as 1.5 trillion yen ($9.7 billion). Tokyo Gas is not unusual among Japanese utilities, which all own significant urban real estate because of infrastructure they once had to own close to consumers. Peers like Osaka Gas and Kansai Electric Power have similarly sprawling portfolios.

But Tokyo Gas is the giant in the sector, and holds properties in and around prime Tokyo areas, making it a top target in any effort to improve capital efficiency. It once had a plant in Toyosu, for example, now home to Tokyo's main fish market and an area that is being developed into a zero-carbon town. It also owns headline-grabbing properties like Shinjuku Park Tower, which houses the Park Hyatt Tokyo Hotel — featured in the 2003 film 'Lost in Translation' — built on a former gas storage facility.

Should it decide to respond to Elliott’s demands with action, Tokyo Gas could cut its cross-holdings and real estate held for investment purposes, returning those proceeds to shareholders, said Travis Lundy, a Japan markets expert and special situations analyst who publishes on the SmartKarma platform. Tokyo Gas traces its history back to the late 1800s, when it was founded to take over the distribution of gas in the city. It has since then grown to cover 30% of the Japanese market.

Remains of bankrupt Texas railroad find new life in land holdings

(Wall Street Journal; Nov. 26) - The remnants of a railroad that went bankrupt in 1888 have become one of the highest-flying stocks in the oil patch. Shares of Texas Pacific Land have roughly tripled in 2024 despite languishing oil prices, thanks to a new approach the 100-employee firm has taken to wringing money from its acres in America’s most prolific drilling region, the Permian Basin.

Texas Pacific has built a lucrative business selling water to frackers in the West Texas desert and then giving them places to dispose of the wastewater that rushes to the surface along with oil. It has also been adding battery firms, wind farms, solar arrays, bitcoin miners and carbon-sequestration projects to its list of tenants. And it also sells hunting and grazing rights over country made famous in novels by Larry McMurtry.

For most of its 136 years on the New York Stock Exchange, Texas Pacific was a trust, set up to liquidate a failed railway’s landholdings. The structure meant few funds could own its shares, which had been awarded to Texas and Pacific Railway bondholders. A century after it was created, Texas Pacific still owned about one-third of the 3.5 million acres that the government had given the railroad as it laid track.

The extent of the acreage, and its concentration in the Permian, the epicenter of U.S. oil production, shocked CEO Ty Glover. Texas Pacific started a water company to supply oil producers. That created new revenue and enabled drilling in dry areas. More drilling meant Texas Pacific could lease additional land for access roads, pipelines and power lines. It opened rock pits and sold caliche, a natural cement used to build the roads.