Oil and Gas News Briefs
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Exxon exec says U.S. oil producers unlikely to 'drill, baby drill'

(Reuters; Nov. 26) - U.S. oil and gas producers are unlikely to radically increase production under President-elect Donald Trump as companies remain focused on capital spending discipline, a senior executive at ExxonMobil said on Nov. 26. "We're not going to see anybody in 'drill, baby, drill' mode," Liam Mallon, head of Exxon's upstream division, told the Energy Intelligence Forum conference in London.

"A radical change (in production) is unlikely because the vast majority, if not everybody, is focused on the economics of what they're doing," he said. "Maintaining the discipline, driving the quality, driving the information, will naturally limit that growth rate." Trump, who takes office on Jan. 20, pledged during the election campaign to boost domestic oil and natural gas output. Reuters reported on Nov. 25 that his transition team was preparing a wide-ranging energy package to roll out in the first days of his presidency.

The U.S. has become the world's top oil producer following a surge in shale oil production, pumping over 13 million barrels per day earlier this year. It is also the world's leading gas producer and top liquified natural gas exporter. Exxon earlier this year completed its $60 billion acquisition of smaller rival Pioneer Natural Resources, consolidating its position as the country's largest shale producer. Exxon expects to grow oil production in the Permian shale basin to over 2 million barrels per day, Mallon said.

Canada's oil industry wants to escape Trump's tariffs

(Bloomberg; Nov. 26) - Canada's oil industry stressed the economic and security benefits of its exports to the U.S., while also using President-elect Donald Trump's threat to impose tariffs on the country's goods as a chance to criticize Prime Minister Justin Trudeau's policies. The U.S. imports almost 4 million barrels of relatively cheap Canadian crude a day, an arrangement that allows the U.S. to export an even greater amount of its own higher-value oil while still meeting domestic demand.

Energy products accounted for about a third of Canada's exports to the U.S. in recent years, the largest single category. While oil and gas were spared tariffs in Trump's first administration, his post on Nov. 25 said he would impose 25% tariffs on "ALL products" from Mexico and Canada on his first day in office. "The Canada-U.S. energy partnership is more than 100 years old and is highly correlated to national security, energy security, economic security and geopolitical security," Lisa Baiton, chief executive officer of the Canadian Association of Petroleum Producers, said in an emailed statement.

The tariffs would result in “higher gasoline and energy costs to American consumers while threatening North American energy security,” Baiton said. Alberta Premier Danielle Smith said in a post that Trudeau should work with Trump — who said the tariffs were needed to clamp down on migrants and illegal drugs crossing the borders — to address his “valid concerns related to illegal activities at our shared border.” The premier, whose province produces the majority of Canada’s oil, stressed that Alberta’s energy exports to the U.S. travel through pipelines that don’t contribute to those illegal activities.

OPEC+ production cuts benefitted U.S. oil, Iranian official says

(Bloomberg; Nov. 25) - OPEC+ has little scope to reverse its oil production cuts, which have triggered a wave of rival supply from the U.S. shale industry, Iran’s representative to the group said. “This strategy in support of prices has effectively encouraged higher supply outside the group, particularly on the part of the U.S.,” Iranian OPEC governor Afshin Javan said of the curbs in an article on state-run news agency Shana. “That would leave a limited room for maneuvering by OPEC+ to ease its (output) restrictions.”

The article, unusually critical of OPEC policy for one of the group’s founding members, comes days before the producers meet to decide on plans for reviving halted supplies. Javan also wrote that some smaller African members, including Gabon and Congo, may quit the organization because they can’t afford to pay membership fees.

OPEC+, an alliance of OPEC nations such as Saudi Arabia and non-members led by Russia, is seeking to revive production curtailed since 2022, but has been forced to delay the restart amid faltering crude prices. The planned supply increases by OPEC+ are “likely to bring about oversupply in 2025,” Javan cautioned. Production cutbacks by the coalition over the past four years have financed a surge of U.S. shale oil, which has climbed by 2 million barrels a day since 2020, Javan wrote.

Mideast oil and gas producers see strong future in petrochemicals

(Financial Times; London; Nov. 24) - The biggest takeover deal in Europe so far this year was driven by a simple trend: At some point this decade, petrochemicals will become the main driver of oil-demand growth. Abu Dhabi National Oil Co. (ADNOC), one of the world’s largest producers of crude, is buying the German company Covestro for €15 billion (US$15.7 billion) because it believes demand for hydrocarbon-based plastics and foams will grow steadily throughout the energy transition.

“We looked at the next 25 or so years, out to 2050,” explained Khaled Salmeen, an executive director at ADNOC, in an interview last month. “Gas will continue to be a key energy source through the energy transition, as well as chemicals, renewables and low-carbon fuels. Hence, our strategy is based around these four key pillars.”

The deal underlines the long-term importance of petrochemicals, despite some of the worst trading conditions ever. A combination of oversupply and a collapse in demand, in the wake of the COVID pandemic, hit prices and shut down older plants. “This was probably one of the worst periods that most management teams have ever seen,” said Sebastian Satz, a chemicals analyst at Citi. “There is oversupply in pretty much every product chain … and it doesn’t appear as if it is going to go away any time soon.”

But Middle Eastern companies — which, until now, have focused mainly on producing oil and gas — are building up their petrochemical businesses. Last year, Saudi Aramco bought 10% of China’s Rongsheng Petrochemical, a polyester specialist, for $3.4 billion. Since then, it has sought a stake in another Chinese company, Hengli Petrochemical. And, last week, it broke ground on a refinery and petrochemical plant in Fujian province.

Europe’s imports of LNG highest since February

(Reuters columnist; Nov. 25) - Concerns that Europe is facing a natural gas supply crunch this winter are overblown, with the liquefied natural gas market already stepping up to avoid any shortfall, albeit at higher prices. European natural gas prices climbed to the highest level in two years last week, with the benchmark front-month contract at the Dutch TTF pricing hub reaching the equivalent of $14.97 per million Btu on Nov. 22.

Prices have rallied about 40% since mid-September amid fears that the remaining Russian pipeline supplies to Europe will be halted or face further curtailment. New U.S. sanctions on Russia's Gazprombank, the financial institution that some remaining European importers of Russian gas use to process payments, have also raised concerns about the future of supply. Throw in some early cold weather and the expiration at the end of the year of the transit agreement for Russian gas through Ukraine and it's hardly surprising that prices have been rallying.

But there is little sign that Europe is about to run short of gas, and the global LNG market is adjusting to reflect the current dynamics. Europe's November imports of the fuel are on track to rise to the highest since February, with commodity analysts Kpler tracking arrivals of 9.16 million tonnes. This is up from 7.56 million in October and 6.37 million in September, which was the lowest monthly total in three years. The increase in imports is largely being met by increased shipments from the United States, the world's largest LNG exporter and the swing supplier between the Atlantic and Pacific basins.

Europe could find itself paying more for natural gas this winter

(Bloomberg; Nov. 23) - Rapidly depleting natural gas reserves and looming supply cuts from Moscow have the makings of a fresh energy crisis for Europe, which is still reeling from extreme shocks two years ago. Escalating tensions in Ukraine have contributed to about a 45% surge in natural gas prices this year. While levels are still far below 2022 records, they are high enough to risk deepening a cost-of-living crisis for households and intensifying competitive pressure on strapped manufacturers.

Gas storage is a lifeline during the coldest periods but inventories this year are rapidly declining after frosty temperatures increased demand for heating and a wind-power drought required more gas for power generation. The tight market reflects the continent's challenge to entirely wean itself off Russian fossil fuels. The situation is about to get worse with gas deliveries that helped fill reserves in 2024 likely unavailable next year, extending the squeeze on prices.

Fatih Birol, the executive director of the International Energy Agency, is sounding the alarm. He warned that Europe needs ample inventories for later this winter if Russian gas transit via Ukraine ceases on Jan. 1 with the expiration of a deal between Moscow and Kyiv. "Once again, the energy-intensive economies, led by Germany, will suffer the most, hurting an economy already reeling from trouble in its car, chemical and machinery sectors," said Ole Hansen, head of commodity strategy at Saxo Bank.

There are indications of a weaker future for natural gas

(Energy Intelligence columnist; Nov. 25) - Waves of disruption from first the Ukraine and then Israel wars have shattered traditional patterns of oil supply and pricing, leaving deep fissures between oil markets east and west of Suez. But so far, the main impact has been to pad the pockets of oil producers with geopolitical risk premiums. Oil's less glitzy sibling, natural gas, is unlikely to come off so well, despite the war bonanza enjoyed by a few exporters of U.S. LNG.

Worldwide, gas suffered not just bumps and bruises from geographic dislocations, but also long-term demand destruction. In China and India, where LNG has come to be seen as an unreliable alternative to coal, and also in Germany, where those price gyrations undermined the country's famed manufacturing base, there will likely be no full recovery. Not for Russia, and not for U.S. gas producers and LNG exporters either, many of whom remain in denial. Trump's tariff walls, if they go up, will reinforce that demand destruction. LNG licensing and federal leasing policies will not matter.

Global gas demand had not yet rebounded to 2021 prewar levels by end-2023 and may not this year. In Europe, gas use was down by nearly 20% in 2023 from 2021, according to the Statistical Review of World Energy. All signs point to continuing decline in European gas use as renewable electricity spreads and German and other energy-intensive European manufacturing declines or adopts more energy-efficient technology.

Bullish views on U.S. gas sales to China also contradict most of what China has said and done about coal since abandoning then-overpriced LNG in 2022 in favor of coal.

More LNG could mean costlier ethane for U.S. ethylene plants

(Independent Commodity Intelligence Services; Nov. 25) - Costs for ethane, the predominate feedstock for U.S. ethylene plants, could face upward pressure with the start-up of the first train of the delayed Golden Pass LNG project in Texas. The project's owner has reached an agreement with its contractor in regard to the commercial terms for completion of the full scope of the first production train of the project, according to a statement published on Nov. 25 by Chiyoda International, a contractor.

The joint venture developing the terminal includes QatarEnergy (70%) and ExxonMobil (30%). Earlier in November, ExxonMobil said the first train of Golden Pass should start up at the end of 2025. The joint venture and its contractors are in talks to amend the contract to complete the second and third trains of the LNG terminal, Chiyoda said. The three trains at Golden Pass will have the capacity to export 15.6 million tonnes per year.

LNG terminals such as Golden Pass increase demand for natural gas, which can cause prices for the fuel to rise. That, in turn, can affect costs for ethane, the main feedstock used to make ethylene in the U.S. When natural gas prices are high relative to ethane prices, leaving the ethane in the gas stream for sale becomes more attractive, said Kojo Orgle, feedstock analyst for ICIS. That tightens supply and puts upward pressure on ethane prices, he said. Rising demand for LNG exports could boost ethane prices.

Goldman Sachs doubts near-term impact of more U.S. LNG approvals

(Reuters; Nov. 25) - Goldman Sachs expects no near-term impact on global natural gas supplies due to the potential approval of proposed U.S. liquefaction projects, as they would need government clearance as well as long-term contracts to go ahead, the bank said in a note on Nov. 25. President-elect Donald Trump's team plans to roll out an energy package within days of his taking office that would approve export permits for new liquefied natural gas projects, among a wide range of other measures.

Goldman Sachs analysts said the construction timelines imply no likely impact on U.S. or global gas balances before 2027 or later even under circumstances where the Department of Energy approves additional proposed LNG export projects. "We reiterate our view that this approval is a necessary but not sufficient condition for new U.S. LNG export projects to come online."

The approval for U.S. LNG export projects in the coming months would not change the long-term global LNG balances or price views, the bank said in the note. Goldman

Sachs currently expects U.S. LNG exports to more than double by 2030 to 189 million tonnes per year (25 billion cubic feet per day of gas), increasing its share of global LNG supply by then to 31% from 22% as of now.

Italy's Eni launches second floating LNG production unit for Congo

(Reuters; Nov. 23) - Italian energy group Eni said on Nov. 23 it had launched the hull of the Nguya floating liquefied natural gas (FLNG) facility in Wison Heavy Industry's shipyard in Nantong, China, to be deployed offshore of the Republic of Congo. The FLNG will have a liquefaction capacity of 2.4 million tonnes per year and will complement the existing Tango FLNG, which has a capacity of 600,000 tonnes per year and has been operational since December 2023, Eni said in a statement.

The combination will bring the total liquefaction capacity of Eni's Congo LNG project to 3 million tonnes per year by the end of 2025, the company said. Eni in 2022 signed a contract with Wison Heavy to build an FLNG unit for the Republic of Congo location to increase gas production and exports from the African country. "We have been the first to believe in the value of Congo's gas, primarily for domestic power generation, and then for export," said Guido Brusco, Eni's chief operating officer for global resources.

Some question U.S. firm's ability to develop Guyana's gas resources

(Reuters; Nov. 25) - Doubts are growing over Guyana's pick of a little-known U.S. start-up to craft and develop projects to monetize its vast untapped natural gas resources that could cost up to $30 billion. Year-old Fulcrum LNG faces financing hurdles that could derail its selection. Ultimately, the South American nation may end up relying on a consortium led by ExxonMobil, which controls all the production in the new energy hotspot. So far, the top U.S. oil producer has focused on oil.

Guyana has been pressing Exxon to come up with a plan to convert its about 16 trillion cubic feet of gas reserves into valuable exports such as liquefied natural gas, or relinquish areas where gas has been discovered so they can be developed by others. When Fulcrum was chosen in June, its founder and former Exxon executive Jesus Bronchalo said on LinkedIn that he was "delighted and honored" to be selected "to design, finance, construct and operate the required gas infrastructure."

Since then, Fulcrum has not identified any financial backers, casting doubt over its ability to pull off the work and leading government officials to now describe its selection as tentative. Meanwhile, the opposition People's National Congress party is skeptical about the award. Fulcrum LNG "lacks requisite experience and a demonstrated ability to raise the type of multibillion-dollar finances required," said Elson Low, an economist and adviser to the party. Ira Joseph, an LNG market expert and senior researcher at

Columbia University's Center on Global Energy Policy, said it would be "very difficult" for a start-up to raise the financing for a multibillion-dollar infrastructure project.

Japan may set more ambitious target for cutting emissions

(Bloomberg; Nov. 25) - Japanese policymakers suggested setting a higher target of cutting emissions by 60% by 2035, according to a government panel that met Nov. 25. The government will consider setting the target as Japan’s new nationally determined contribution, a commitment by countries under the Paris Agreement to slash greenhouse gas emissions. Japan’s reduction is from 2013 levels.

Japan currently has a goal to reduce emissions by 46% by 2030. Reaching net-zero by 2050 points to a 60% emissions reduction by 2035 and 73% by 2040, according to government officials from the joint panel meeting held by the trade and environment ministry. Environmentalists have criticized Japan for its lack of action to boost renewables, and for strategies that don’t take into account cumulative emissions.

Japan depends on natural gas and coal for most of its power mix and has struggled to significantly replace fossil fuels with cleaner energy sources. Some members of the panel — which included academics and officials from financial institutions — questioned whether Japan’s current trajectory is aligned with global climate goals.

India may be moving closer to importing oil from Guyana

(S&P Global; Nov. 25) - Indian Prime Minister Narendra Modi's maiden visit to Guyana has bolstered expectations that the country's refiners are moving closer to signing long-term oil import deals with the relatively new South American supplier, as India intensifies its efforts to diversify its supplies. Government officials, refining sources and analysts told S&P Global Commodity Insights that the talks between the two countries — concluded recently — have opened the possibility for India to expand its oil purchases from Guyana, which supplied a couple of trial crude cargoes to Indian refiners in 2021.

"We would like to have long-term contracts — government-to-government commitments — that would bring greater predictability in supplies," said an Indian foreign ministry official. "The volume of the term contracts will have to be decided by the Guyanese government, as well as the timing — when they are comfortable in offering volumes under term contracts." Modi, who visited Guyana Nov. 19-21, said there is immense potential for strengthening ties in energy and other areas. Guyana's engagement with India has been limited since it began crude production in late 2019.

Analysts and industry sources said strong competition from European buyers for crude oil cargoes from Guyana, along with the flexibility and willingness of Indian refiners that

are largely accustomed to sour and heavier crudes to import sweeter crudes from Guyana, will be significant factors when the two sides negotiate long-term contracts. “The logistics have to work. And so does the price," said an Indian refining source.

Ship-to-ship transfers of Russian oil continue off coast of Greece

(Bloomberg; Nov. 25) - The secret switching of Russian fuel cargoes between tankers at sea has migrated to new hotspots off the coast of Greece after the European country used naval drills to try and block the activity in one location. About 1 million barrels a month of diesel, fuel oil and other petroleum products has been getting flipped near the islands of Lesbos and Chios in the Aegean Sea, according to analytics firm Vortexa.

The area only became popular after Greece’s navy carried out drills around the Laconian Gulf, previously the No. 1 site for the practice in Europe. A surge in ship-to-ship transfers involving Russian oil and fuel in and around Europe has raised environmental concerns because of questions over the safety and insurance of the vessels involved.

The practice, sometimes carried out in secret with ships’ digital tracking beacons switched off or falsified, can help to obscure the origins of the oil, helping to beat sanctions. It also creates another layer of separation between the buyers and sellers of cargoes. Ship-to-ship switching is still happening close by the Laconian Gulf but at a much-reduced rate since Greece’s naval drills began. The maneuvers left a narrow stretch of water unaffected and it’s in that location that they’re still taking place.

British Columbia energy company wants to build LNG storage facility

(Global News; Nov. 25) - As the population of Kelowna, British Columbia, grows, so too does power consumption, but its availability is quickly becoming a concern. “We’re looking at a potential shortage or shortfall of natural gas by the winter of 2026-27,” said Marcus Anderson, corporate communications adviser for energy supplier FortisBC. In order to address it, Fortis is planning to build a small-scale liquefied natural gas storage facility so that power is available during peak winter days when demand is high.

“We’re not looking at storing it on-site throughout the whole year,” Anderson said. “We’ll be bringing it in during the fall months when it’s easier for our trucks to be able to travel on the highways and transport this gas into the community and it’ll just be stored through the winter and used on an as-needed basis.” The storage facility would be constructed on the site of an existing electric substation.

According to Anderson, the tanks will have the capacity to store up to 300,000 gallons of LNG, the equivalent of 25 million cubic feet of natural gas. “The LNG will be regasified

and then distributed through our system.” Kelowna, population about 153,000, is 175 miles east of Vancouver. FortisBC would like to start construction of the LNG storage facility sometime in 2026.

European energy firms look to make synthetic oil from waste plastic

(Bloomberg; Nov. 26) – France’s TotalEnergies and Austria’s OMV are close to starting up plants that will make synthetic oil from waste plastic to cut emissions in the production of chemicals. Returning used plastics to a liquid oil state for reprocessing is emerging as an alternative to the more common mechanical recycling where the structure of the plastic doesn’t change significantly.

The facility being started by Total at Grandpuits outside Paris is the first industrial plant of its kind in France, the company said. Total has started commissioning the chemical recycling facility at the site where it used to operate an oil refinery, it said. The pyrolysis unit, built with a partner, will be able to process 15,000 tons of waste a year once it reaches full capacity. The biofuels plant should start up in 2025. OMV plans to start up a small plant at its Schwechat refinery outside Vienna by the end of the year and plans to scale up production and expand annual capacity to 200,000 tons, it said in an email.