Oil and Gas News Briefs
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Korean officials cautious about Alaska LNG amid cost concerns

(The Korea Times; April 18) - Washington renewed calls on April 18 for South Korea to buy liquefied natural gas from Alaska, ahead of formal negotiations next week aimed at reducing tariffs under President Donald Trump. The acting assistant secretary for the U.S. Department of Energy Office of International Affairs has encouraged Korea and other allies to expand their imports of U.S. LNG. Korea, however, remains cautious about gas imports from Alaska amid persistent concerns over the project's feasibility.

The assistant secretary gave a pre-recorded video message at the Evolving Energy Forum hosted by the American Chamber of Commerce in Korea. Alaska Gov. Mike Dunleavy also sent a video address, promoting his state's natural gas. Korea's Trade, Industry and Energy Minister Ahn Duk-geun, however, did not mention the Alaska LNG project in his congratulatory remarks at the forum. He is scheduled to visit Washington on April 22 for trade talks, accompanied by cabinet members.

Jo Eek-no, director general of the ministry's energy policy bureau, also refrained from disclosing the government's position on the Alaska LNG project in his keynote speech at the forum. During a panel discussion that followed, Kim Kwon-jong, head of POSCO International's energy policy department, urged the government and Korea Gas Corp. to share more details about the Alaska project. Due to uncertainty over the profitability of Alaska LNG imports and feasibility of the remote Arctic project, experts have advised the government not to rush into a deal with the U.S. in exchange for trade concessions.

China stops taking U.S. LNG as tariff fight continues

(The New York Times; April 18) - China has stopped buying liquefied natural gas from the U.S. after imposing a 15% tariff on cargoes on Feb. 10, ship tracking data shows, in the latest sign that Beijing continues to decouple from the U.S. economy. Its imports of U.S. LNG had already slumped to low levels from November through January, data from China's customs agency shows. China instead expanded its purchases from Russia, which supplied China with four times as much LNG last year as the U.S.

Only two U.S. LNG cargoes were headed to China when Beijing imposed tariffs on American fossil fuels in retaliation for President Donald Trump's initial round of tariffs on Chinese goods. One ship reached China before the tariffs took effect and unloaded its cargo, while the other went to Bangladesh to avoid the tariff, according to Kpler, a Belgian energy data company.

Shipments of U.S. LNG to China soared after the signing in 2020 of a trade agreement between Beijing and Washington. The agreement included a Chinese promise to step up purchases of U.S. gas, but not necessarily for use in China. LNG shipments from the U.S. to China rose to 9.3 million tonnes in 2021 from 268,000 in 2019, but plummeted in 2022 as gas went to Europe at high prices as the continent lost its supply of inexpensive Russian gas. The U.S. accounted for 3% of China's natural gas imports last year,

BP starts up offshore West Africa LNG export project

(Bloomberg; April 17) – BP started liquefied natural gas shipments from the Greater Tortue Ahmeyim project located offshore on the maritime border between Mauritania and Senegal, bolstering global supplies. A full cargo of the fuel was loaded onto the British Sponsor from a floating LNG storage vessel off the West African coast, BP and its partner Kosmos Energy said in statements on April 17. The shipment marks BP's third upstream startup this year, as the company bids to expand oil and gas production.

The $4.8 billion project is expected to produce about 2.4 million tonnes of LNG a year, as Europe seeks to replenish its depleted gas stockpiles before the next heating season. "This first cargo from Mauritania and Senegal marks a significant new supply for global energy markets," BP said. A second LNG carrier is waiting near the terminal in preparation for another cargo lifting, Kosmos said. Following years of delays, GTA will also boost economic growth in the two African nations.

The GTA project is one of the deepest offshore gas developments in Africa, with resources at depths of close to 9,500 feet. Located approximately 75 miles offshore, the GTA project features an FPSO (floating production storage and offloading) unit and a nearby floating LNG vessel that processes and liquefies the gas for shipment.

Eni signs on for development of LNG export project in Argentina

(Upstream; April 14) – Eni and Argentine state-owned oil company YPF have signed a memorandum of understanding to evaluate the Italian oil major's participation in the South American nation's $50 billion flagship liquefied natural gas project. Argentina LNG is a large-scale upstream and midstream integrated gas initiative designed to develop the Vaca Muerta shale formation, estimated at more than 300 trillion cubic feet of gas.

Developed in a 50/50 joint venture between YPF and European supermajor Shell, the Argentina LNG project will serve international markets, ramping up in three phases to an output capacity of 30 million tonnes a year. The phase covered by the memorandum between Eni and YPF covers development of upstream, pipeline and gas liquefaction facilities for two floating LNG units of 6 million tonnes annual production capacity each.

The first phase of the Argentina project calls for the two FLNG vessels. The second phase features construction of a 10-million-tonne onshore liquefaction plant, while the third phase involves a 10-million-tonne expansion of the plant. YPF and Shell are preparing to issue the front-end engineering and design tender for the onshore plant, targeting 2026 for issuing an engineering, procurement and construction contract.

EU plan to wind down Russian energy imports could boost U.S. sales

(Bloomberg; April 18) - The European Union's imminent release of a road map for phasing out Russian fossil fuel purchases will signal to companies that they should source more liquefied natural gas from the US, according to European Council President Antonio Costa. The 27-nations bloc is scheduled to unveil its plan for winding down energy purchases from Moscow on May 6. Russia had sharply reduced natural gas exports to Europe following the invasion of Ukraine in 2022, triggering unprecedented increases in fuel and electricity prices.

The EU, whose dependence of Russian gas shrank to around 19% of total supplies last year, compared to more than 40% before the war, will continue to reduce its imports, Costa told Bloomberg News in an interview in Hamburg earlier this week. "This creates space in the market to import from other suppliers, which means new opportunities for the United States," he said. The measures are coming at a time when the EU is exploring a possible deal with the U.S. to solve their trade dispute.

President Donald Trump has repeatedly called on Europe to buy more American energy products if the bloc wants to avoid U.S. tariffs. The U.S. is currently the EU's third-largest gas supplier. While trade negotiations are led by the European Commission, decisions on signing new contracts to purchase LNG from the U.S. are in the hands of companies and depend on their view of the market and prices.

Europe looks at how to ease methane emissions rules for U.S. LNG

(Reuters; April 22) - The European Union is looking at ways to make it easier for U.S. gas exports to comply with its methane emissions rules, as the bloc attempts to avert a trade war with President Donald Trump, three sources familiar with the matter told Reuters. The European Commission is working on its offer for trade negotiations with the United States, to attempt to avoid Trump's planned tariffs — with both sides signaling that energy could form part of a broader trade deal.

Trump has said several times the EU should buy more American oil and gas to lower its trade surplus with the United States. European Commission President Ursula von der Leyen has said the EU could increase U.S. LNG purchases, as the bloc seeks to quit Russian gas by 2027. As part of the energy options being explored to aid trade talks with the U.S., the Commission is looking at using flexibilities in how it applies EU methane rules, which could benefit U.S. LNG exporters, the sources said.

The aim would be to avoid weakening the overall law, while introducing technical rules that could enable U.S. exporters to be deemed to be following "equivalent" methane rules to those of the EU, they said. The move could be complicated by Trump's plan to scrap existing U.S. regulations requiring gas producers to report methane emissions, making it harder for the EU to justify letting U.S. companies automatically comply. Starting this year, the EU requires importers of oil and gas to Europe to monitor and report the methane emissions associated with those imports.

Company will close 55-year-old San Francisco Bay area refinery

(KQED public radio; San Francisco; April 16) - Valero on April 16 announced plans to cease operations at its Benicia oil refinery in California, which has been consistently hindered by malfunctions and unintended toxic releases in recent years. The Texas-based company said it had submitted notice to the California Energy Commission to “idle, restructure or cease operations” at the refinery by the end of April 2026. Valero has owned and operated the Benicia refinery since 2000. The refinery was originally built in 1968 for Humble Oil, later called Exxon, and began operations in 1969.

The move to shutter the sprawling North Bay refinery, about 25 miles northeast of San Francisco, comes six months after regional and state air regulators fined the company a record $82 million for exceeding toxic emissions standards for more than a decade before regulators found out. And last month, the city imposed new safety regulations on the facility. “We woke up to a big surprise this morning. It is some shocking news,” said Benicia Councilmember Kari Birdseye, who spearheaded the new safety regulations.

Valero has long been one of Benicia’s biggest employers: More than 400 people work at the refinery, which is the sixth-largest in the state and can process as much as 170,000 barrels of oil a day. The city, which stands to take a major financial hit from the pending refinery closure, said it intends to work with the company to “seek clarity around the timeline and scope” of the proposed changes and pledged to keep residents informed about any “potential economic impacts and challenges this may present.”

Army Corps will speed up review of Great Lakes oil pipeline tunnel

(Detroit Free Press; April 17) - The U.S. Army Corps of Engineers Detroit District, heeding an emergency order from President Donald Trump to expedite the review process for energy supply projects, will accelerate its permitting for a proposed tunnel for an oil and gas pipeline under the Straits of Mackinac lake bottom. The move on the tunnel proposed by Canadian pipeline company Enbridge drew immediate rebuke from environmental groups that called it an unwise bypass of necessary reviews to protect the Great Lakes and the communities and economy built around them.

"Building a tunnel under the Great Lakes to house an outdated and dangerous pipeline is risky. Expediting that process is reckless," said Beth Wallace, climate and energy director for the National Wildlife Federation. Built in 1953, Enbridge's Line 5 moves 23 million gallons of oil and natural gas liquids per day east through Michigan's Upper Peninsula, splitting into twin underwater lines on the Straits of Mackinac bottom, before returning to a single line through the Lower Peninsula that runs south to Sarnia, Ontario.

Many have expressed concern about the aging pipes over several years as anchor strikes, missing pipeline supports and loss of protective pipeline coating have been discovered. Enbridge proposes to construct a 3.6-mile tunnel underneath the Straits of Mackinac to house a new 30-inch diameter pipeline to carry the oil and gas liquids, replacing the existing lines on the lake bed surface. The Army Corps had said it would have a draft environmental impact statement out later this year, but now officials said the draft has been moved ahead and will be released by June.

U.S. orders halt to construction of wind farm offshore New York

(Reuters; April 17) - The Trump administration's decision April 16 to halt construction of Equinor's Empire Wind 1 farm off the coast of New York sent shockwaves through the offshore wind industry, raising concerns that fully permitted developments representing billions in investment are not safe. President Donald Trump had campaigned on a promise to end the offshore wind industry, arguing it is too expensive and hurts birds. He issued an executive order suspending new leasing for projects in federal waters.

But in a move that extended well beyond withholding new lease auctions or slow-rolling new permit requests, Interior Secretary Doug Burgum on April 16 ordered the Equinor project to cease construction work, suggesting the project's underlying environmental analysis was faulty. "Stopping work on the fully federally permitted Empire Wind 1 offshore project should send chills across all industries investing in and holding contracts with the United States government," said Liz Burdock, the CEO of industry group Oceantic Network, after Burgum's order.

"Preventing a permitted and financed energy project from moving forward sends a loud and clear message to all businesses — beyond those in the offshore wind industry — that their investment in the U.S. is not safe," Burdock said. Empire Wind's supply chain has attracted $1.6 billion in investment and supports more than 3,500 jobs, said Oceantic, which advocates for the expansion of U.S. domestic offshore wind power.

Russian oil exports to China evade sanctions in ship-to-ship transfers

(Reuters; April 17) - Russia’s Arctic oil exports to China are set to rise sharply this month, buoyed by a jump in ship-to-ship transfers at sea to ensure tankers pulling into port are not on U.S. sanctions lists, according to traders and data from Vortexa. The Arctic oil business accounts for a tenth of Russia’s seaborne oil exports which were hit with widened U.S. sanctions in January on nearly all tankers carrying crude oil grades such as ARCO and Novy Port and on Russian producer Gazprom Neft.

To evade the curbs, ship-to-ship transfers of cargoes are taking place in international waters off Singapore and Malaysia where cargoes are loaded onto Very Large Crude Carriers that are not subject to sanctions before heading for Chinese ports, according to traders and Vortexa senior analyst Emma Li. At least 4 million barrels of Arctic oil completed ship-to-ship transfers last week and 16 million more have arrived, or will arrive, in the South China Sea this month, Li estimated.

China’s Arctic oil imports are rebounding given ample supply, but the volume eventually discharged will vary depending on logistical hurdles and buying interest from Chinese refiners, she added. China’s imports of Arctic oil from Russia in March averaged 25,000 barrels per day, according to Vortexa. Ship-to-ship transfers are being used, according to one trader, because many Chinese buyers want to avoid being linked to tankers subject to such sanctions, as they are wary of secondary sanctions and are willing to pay higher prices for the transferred cargoes.

New pipeline capacity frees Czech Republic from Russian oil

(Reuters; April 17) - The Czech Republic has become fully independent of Russian oil supplies for the first time in its history, government officials said on April 17, following the completion of capacity upgrades on the TAL pipeline coming from the west. The first increased supplies through the pipeline have reached the central oil depot in the Czech Republic, Prime Minister Petr Fiala told a news conference broadcast on Czech TV.

"After roughly 60 years, our dependence on Russia (for oil) has ended," Fiala said at the depot about 12 miles north of Prague. "For the first time in history, the Czech Republic is completely supplied by non-Russian oil, and fully supplied through western routes," Fiala said. Since Russia's invasion of Ukraine, the Czech government has sought to end its partial dependence on the Druzhba pipeline, which has been delivering supplies from Russia for decades and has accounted for about half the country's annual oil imports.

At the end of last year Czech pipeline operator MERO completed an upgrade along the Transalpine (TAL) pipeline, which carries oil from tankers in the Italian port of Trieste to Germany, where it feeds into the Ingolstadt–Kralupy–Litvinov pipeline to the Czech Republic. The TAL upgrade has lifted the capacity available to the Czech Republic to 8 million tonnes per year (more than 56 million barrels), enough to meet the country's annual needs. Czech refiner Orlen Unipetrol said Norwegian crude through the TAL pipeline upgrade would reach its Litvinov refinery on April 18.

Oil price volatility makes it harder to profit from market bets

(Bloomberg; April 19) - Until recently, oil traders complained it was almost impossible to wring profits out of a listless and rangebound crude market. After the events of the past two-and-a-half weeks, this may have been a case of “careful what you wish for.” In that brief period, the oil market went from flatlining to experiencing huge price moves. The trigger was President Donald Trump’s April 2 unveiling of sweeping tariffs, escalating a trade war. Less than a day later, OPEC+ stunned markets with plans to boost output.

The dual shocks sent U.S. crude futures down almost 7% for the biggest decline since Russia’s invasion of Ukraine, while a key gauge of volatility spiked to a six-month high. Traders say the turbulence that has since gripped the market is proving equally hard to make money from, with contradictory, rapid-fire developments unpredictably whipping prices. “It’s not the kind of volatility you can have a medium-term view on, because it changes day to day,” said George Cultraro, head of commodities at Bank of America.

The resurgence in volatility, while providing a short-term boost in trading volumes, threatens market liquidity over the longer term. Investors pulling out of crude and fuel markets triggered a $2 billion net outflow in the week ending April 11, JPMorgan Chase analyst Tracey Allen wrote in a note to clients. “Sideways-trending markets get boring,” said John Kilduff, a partner at Again Capital. “Where we’re at right now, there’s a new level of difficulty. If you’re a person who likes pain and tumult, you’re going to love this.”

New analysis looks at greenhouse gas emissions from LNG tankers

(Louisiana Illuminator; April 17) - For a ship the length of nearly three football fields, the Energy Intelligence seemed to turn on a dime. With tugboats pushing and pulling at its bow and stern, the 968-foot-long liquefied natural gas tanker pivoted 180 degrees in the brackish waters of Louisiana’s Calcasieu Ship Channel in late February, preparing to refuel for a trip to the Netherlands. Its journey is part of a seismic shift that in the past decade has seen the U.S. go from an LNG importer to the world’s largest exporter.

New U.S. export terminals and expansions currently under construction will nearly double existing export capacity in the coming years, while even more projects have been approved. Scientists have warned that LNG production involves significant greenhouse gas emissions at every step in the process, from methane leaks at wells to the burning of the gas by end users. But there’s been little attention to the impact of emissions from the tankers that transport LNG from the U.S. to other countries. That too is substantial, an Inside Climate News analysis found.

A single year of greenhouse gas emissions from tankers carrying LNG from the United States more than cancels out the annual emissions reductions achieved through all the electric vehicles currently on U.S. roads. To estimate the climate pollution from vessels exporting U.S. LNG, Inside Climate News analyzed federal export data, information from the International Gas Union on the ships’ capacities and propulsion systems and ship tracking data supplied by the maritime analytics provider MarineTraffic.