Oil and Gas News Briefs
Compiled by Larry Persily
April 28, 2025

Korea seeks joint assessment of Alaska LNG feasibility

(Korea Economic Daily; April 27) - South Korea has proposed forming a consortium with Japan, Taiwan and Vietnam to jointly assess the feasibility of investing in the proposed Alaska LNG project, a move that could reshape regional energy cooperation amid U.S. pressure to deepen economic ties. Seoul raised the idea during discussions with U.S. officials in Washington, D.C., on April 24, suggesting the creation of a "buyers' consortium" involving major Asian energy importers, according to foreign media reports.

The Alaska LNG project is shaping up as not just a test of economic viability but also a barometer of how far U.S. allies in Asia are willing to align their energy strategies with Washington's broader geopolitical agenda, analysts said. The proposal came after Korean government officials emphasized to the U.S. that a full economic viability study must precede any investment decision in the estimated $44 billion project.

"It is clear that the project isn't feasible with Korea's participation alone," a senior official at Korea's Ministry of Trade, Industry and Energy said. Because of its high costs and the time required for construction, Alaska LNG has been viewed as a long shot. For years, major energy companies and officials in Korea and Japan rebuffed requests from Alaska delegations to participate, stalling the project's decades-long efforts. ExxonMobil walked away from the project a decade ago after conducting its own review.

"You shouldn't even call this an LNG project," said an industry specialist in Seoul. "It's essentially a massive pipeline project — a very expensive one at that." Under the threat of tariffs, however, Asian countries have started exploring ways to invest in the project. While Korea sees the project as a potential means to bolster energy security and diversify its supply sources, officials have stressed that any decision on participation will be contingent on an on-the-ground due diligence process. "Given the scale and the risks, it is evaluated as a very high-risk project for now," said an energy expert in Seoul.

Korea will send team to assess economic feasibility of Alaska LNG

(Yonhap News Agency; South Korea; April 25) - South Korea will "prudently" decide whether to join the Alaska liquefied natural gas project after conducting an onsite field inspection of the project, Seoul's industry minister said April 25. Industry Minister Ahn Duk-geun said the government will approach the matter "prudently" as it is tied to the country's energy security. He made the remark in a press briefing held after trade consultations between South Korea and the United States in Washington on April 24 on tariff and other economic issues, including industrial cooperation.

"We first have to conduct an on-site inspection and make detailed assessment of the plan regarding the Alaska issue," he told reporters, referring to the project aimed at producing 20 million tonnes of LNG a year, primarily for export to Asia. An official from Seoul's Ministry of Trade, Industry and Energy said the country plans to soon dispatch a field inspection team to Alaska to assess the economic feasibility of the project.

Korea and the U.S. also discussed the possible creation of a consultative body for the project, comprising major gas purchasers in Asia, including Japan, Taiwan and Vietnam, according to Ahn. Seoul said it has proposed to enhance bilateral cooperation in energy as part of efforts to address U.S. concerns over its trade deficit with South Korea, while also offering to help rebuild the U.S. shipbuilding industry in their first high-level trade consultations aimed at reducing, if not removing, U.S. tariffs on South Korean products.

Japan’s largest power generator may consider Alaska gas

(Reuters; April 28) - JERA, Japan's top power generator, may consider Alaska as a potential source of liquefied natural gas supply, an executive said on April 28, as Japanese officials head to the U.S. this week for another round of tariff talks. The proposed $44 billion Alaska LNG project has been a key part of President Donald Trump's trade agenda in dealing with Asian nations, as he wants Japan, South Korea and Taiwan to back the massive Arctic development.

"From the perspective of energy security and supply stability ... we would like to consider Alaska as one of the promising suppliers, among various other options," JERA executive Naohiro Maekawa said at a briefing on April 28. JERA is Japan's top LNG buyer, with annual volumes of around 35 million tonnes. Japan is the world's second-biggest LNG buyer after China, with Australia as its top supplier.

"Asia-Oceania currently accounts for more than half of our procurement sources. For supply stability, expanding options to regions like North America and the Middle East would be beneficial," said Maekawa. He emphasized the need for further portfolio diversification. JERA sources about 10% of its LNG from the U.S. However, Japanese companies are cautious of making firm commitments to the Alaska project due to high construction costs and lack of specific project details, according to industry sources.

Trump energy council wants to convene Alaska LNG summit in June

(The New York Times; April 24) – U.S. officials are urging Japan and South Korea to make a formal commitment within the next few weeks to a $44 billion liquefied natural gas export project in Alaska. Its feasibility hinges on securing backing from Asia, home to some of the world's largest purchasers of LNG. A group advising President Trump on domestic energy production, the National Energy Dominance Council, is seeking to convene trade ministry officials from Japan and South Korea for a summit in Alaska on June 2, according to three people with knowledge of the confidential outreach.

The project's proponents want to be able to announce at the summit that they have received signed letters of intent from Japan and South Korea to invest in Alaska LNG or purchase its gas, the people said. Taiwan formally signed a non-binding letter of intent last month to purchase gas from Alaska LNG. The Alaska project, first proposed decades ago, had been considered by many in the energy industry to be a long shot. But it occupies a prominent spot in Trump's efforts to reshape the U.S. energy landscape and restore momentum for fossil fuels.

For Asia, shipping LNG from Alaska would be cheaper and quicker than importing it from many of their traditional sources, including Australia, the Mideast and the U.S. Gulf Coast. But buyers, including Japan, have long been cautious about the Alaska project because of its high costs and doubts that it would ever get off the ground. In Japan, and elsewhere, the challenge will be securing private-sector buyers willing to enter into long-term contracts to purchase Alaska gas. Many remain wary of the economics of such a deal. Letters of intent to participate in the project are likely to include room to withdraw.

China's LNG imports continue to drop

(Bloomberg; April 23) - China's imports of liquefied natural gas are set to fall by more than 20% this month compared with a year ago, extending a slump in purchases by the world's biggest buyer of the fuel. The country is expected to import 4.9 million tonnes in April, the sixth month in a row where it will see a decrease compared with the previous year, according to Kpler, an analytics firm that tracks ship data. China's LNG deliveries are down by more than 20% so far this year.

China has been rapidly cutting back imports of gas, a move that will provide relief for buyers in Europe that need to refill inventories and replace the loss of Russian pipeline gas deliveries. But it also threatens growth forecasts that have fueled billions of dollars in spending on LNG export projects across the globe. The lagging demand has prompted research firms to lower their projections for Chinese LNG imports this year, with BloombergNEF expecting purchases to fall for the first time since 2022.

China's LNG demand has softened while domestic gas production and imported piped gas, mainly from Russia, remain strong. The country also relies heavily on cheaper alternatives, including coal and renewables. Imports of liquefied natural gas from the US, in particular, have plunged due to the trade war. Chinese purchases of American LNG plunged to zero in March after a sharp decline in the previous months.

LNG Canada project could be the start of a new industry

(CBC News; Canada; April 24) - There's something new in Kitimat, British Columbia, more than 250 miles up the coast from Vancouver. A bright orange flare is burning at LNG Canada's sprawling export terminal as tests on the facility are conducted ahead of the first shipment of liquefied natural gas from Canada to Asia, scheduled to happen in the next few months. With the backing of Shell, Petronas, PetroChina, Mitsubishi and Korea Gas Corp., the C$40 billion Canada LNG project has been described as the "largest single private-sector investment in the history of the country."

Set against the backdrop of the trade war with the United States, this project and the entire Canadian LNG industry have taken center stage in a federal election which has centered around major party leaders promising to support more projects like this one in order to diversify the nation's energy economy. There are five potential LNG projects in British Columbia at various stages of approval, and the provincial government has promised to move quickly to get them through the queue.

But even with broad support, the industry faces challenges from environmental groups that argue it is irresponsible to develop the fossil fuel and from projects in other parts of the world, particularly Alaska, which could hinder future investment. It's estimated that British Columbia has over 3,000 trillion cubic feet of gas. Natural Resources Canada estimates LNG has the potential to add $7.4 billion a year to the national economy by opening up overseas markets for gas otherwise landlocked to North America.

A particular concern is renewed interest in Alaska LNG, a project that has long been held back by its enormous $44 billion cost and scope. If Alaska LNG is somehow successful in signing up Asian buyers, it would make it harder for Canadian projects further behind in development to secure enough demand to justify their own plants, said Kent Fellows, an economist with the University of Calgary's School of Public Policy.

India's LNG importers switch to cheaper fuels

(Bloomberg; April 24) - Indian energy importers are switching from pricey liquefied natural gas to cheaper oil products, a move that will help ease tight global supplies of the fuel. Buyers including GAIL India and Indian Oil Corp. canceled LNG purchase tenders due to high prices, according to people with knowledge of the matter who didn't want to be named due to the sensitivity of the trade. India's LNG imports this month are estimated to total 1.9 million tons, down 5% from the same month last year and the lowest monthly volume since December 2023, according to data analytics firm Kpler.

Prices of LNG have been elevated due to a series of recent outages at export plants in Malaysia to Australia. That's in spite of fears that the global trade war will cut gas demand. Any reduction in India's purchases will help to free up supply for rival buyers in Asia and Europe. Spot prices have been trading between $11 to $12 per million Btu over the past few weeks, while naphtha rates in India are closer to $8 to $9 per million Btu thanks to a slump in crude oil prices.

The price difference is pushing refiners, which account for 12% of India's LNG consumption, to switch to naphtha, which is currently readily available due to shutdowns at petrochemical plants like Haldia Petrochemicals and Gail's Uttar Pradesh facility, the people said. Industries such as ceramic tile-makers have also shifted to cheaper propane, while local, less expensive gas is available on the market due to a shutdown at Reliance Industries' Jamnagar refinery and maintenance at some fertilizer plants.

Japan nervous that Australia election could affect LNG exports

(Reuters; April 24) - Gas importers in Japan are watching nervously as Australia heads to the polls on May 3 in a closely contested election, worried that whatever the outcome, their long-time supplier of liquefied natural gas could become less reliable and more costly. Energy has emerged as a major campaign issue in Australia — the world's second-largest LNG exporter and Japan's top supplier — which is facing a gas supply crunch in its East Coast market and struggling with rising electricity prices.

A poll shows the ruling Labor Party could retain power with a slim majority. The election could also deliver a hung parliament, with Labor likely forming a minority government. An alliance with the Greens or environment-focused candidates could result in a bigger push for renewables and less favorable policies to the gas industry. Japanese firms are not only major buyers of Australian LNG but also own stakes in LNG projects, with the biggest investment by Inpex, which runs Ichthys LNG in Darwin. Japan's JERA last year bought a 15% stake in the Scarborough gas project offshore Western Australia.

Companies have been rattled by the Lavor government's policies, including an extension of gas export controls after energy prices surged following the Ukraine war, and rules requiring big polluters to cut emissions sharply. Those policies have raised supply uncertainty and hiked costs at LNG facilities, Japanese players say. Adding to buyers' concerns, Australia's opposition Liberal-National coalition has pledged to force East Coast exporters to direct some uncontracted gas to the domestic market. Two traders from Japanese importers said this would mean less LNG for export.

Bid to punish cheaters threatens OPEC+ stability and prices

(Bloomberg; April 23) - OPEC+'s audacious bid to punish oil-quota cheats prompted a renewed plunge in prices on April 23, as growing tensions with Kazakhstan stoked fears of an escalating price war. Markets have been jittery since early April, when the group led by Saudi Arabia stunned traders by accelerating a revival in its output. This was an effort to discipline overproducing members by driving down prices, yet Kazakhstan — the greatest offender — has continued to pump as usual at its biggest fields.

Energy Minister Erlan Akkenzhenov appeared on April 23 to reject pressure to bring Kazakhstan's output in line with its quota, saying the nation is unable to make significant cuts and would prioritize national interests over OPEC+ obligations. Other OPEC+ members threatened to hit back, with Reuters reporting that several nations will seek another supply hike for June. A later statement from Kazakhstan's Energy Ministry, saying it was fulfilling its OPEC+ obligations and seeking "mutually acceptable solutions" to its oil-production management, did nothing to reverse the market rout.

Analysts warned of the growing risk that the cartel's internal spat would exacerbate a global oil surplus and worsen an already bearish outlook. "The 'Kazakhstan-first position' increases the odds of another accelerated voluntary production increase come June," said Helima Croft, RBC's head of commodities strategy. It "makes the May ministerial a must-watch event." The Organization of the Petroleum Exporting Countries and its partners will hold a video conference on May 5 to decide what to do in June.

Small U.S. producers pause drilling as oil prices drop into low $60s

(Reuters; April 25) - Some small U.S. shale producers are putting the brakes on oil drilling as crude prices sink to multi-year lows and steep tariffs drive construction costs higher. Less drilling could slow future output growth from the world's top oil producer. Total U.S. production is forecast to reach a new record this year at 13.7 million barrels per day, with some 9.7 million coming from shale.

Both U.S. and international energy watchdogs have cut their forecasts for 2025 U.S. production growth. The U.S. Energy Information Administration cut its output growth forecast by 100,000 barrels per day to 300,000. Pointing to President Donald Trump's trade tariffs, the Paris-based International Energy Agency cut its U.S. supply growth forecast for 2025 by 150,000 barrels per day to 490,000, and also predicted global oil demand growth would fall to its slowest rate in five years.

"We're paring back on drilling until we see what happens with the tariffs and demand for oil, and where oil prices go," said Bill Daugherty, co-founder of Blackridge Resources, an independent operator in the Appalachian Basin in the eastern U.S. "There are people in the administration touting that oil should be in the $50s. Even the best acreage in the Permian isn't going to make much money in the $50s," said Dan Doyle, owner of Arena Resources, a Wyoming-based producer at 1,000 barrels per day. U.S. benchmark West Texas Intermediate closed on April 25 at $63 a barrel, down from $79 in mid-January.

Low prices could stall out U.S. oil production growth

(Wall Street Journal; April 26) - U.S. benchmark crude oil prices are hovering below the level oil executives say they need to drill new wells at a profit, spurring concerns that the country's output could stagnate or even stall. Much of the blame for the recent drop in oil prices has been placed on the trade wars unleashed by President Trump. At the same time, the White House has been urging producers to drill more while the Organization of the Petroleum Exporting Countries is rolling back some production cuts.

The U.S. is the world's top oil and gas producer and output is expected to keep growing, although at a much slower pace. The problem is that the main source of growth — oil squeezed from shale deposits through hydraulic fracturing — is the most vulnerable to short-term price swings and quickest to respond. Multi-decade offshore projects with long-term financing behind them aren't going to be perturbed by a drop in price that occurs for a couple of months, or even a couple of years, said Benjamin Hoff, global head of commodity research at Societe Generale. "But that is not the case in shale."

U.S. crude fell to $55.12 a barrel on April 9, but has since recovered to trade between $60-$65. "A lot of big producers will tell you if they see oil in the mid-$50s in the back end of that curve, the drilling programs stop," said Dennis Kissler, senior vice president of trading at BOK Financial. "They need 60-plus dollars to halfway make it work."

New Mexico's aging San Juan Basin hopes for new investment

(National Public Radio; April 24) - The San Juan Basin, in the northwestern part of New Mexico, is one of the oldest federal lands drilling areas in the U.S. It's a huge swath of barren, brown high desert that first started booming in the 1950s. Today, some 40,000 wells pockmark the rolling hills of the Four Corners region, several thousand of them still reliably pump up light sweet crude oil and natural gas through the old iconic pumpjacks. But this historic and remote drilling region has struggled for the past decade or more.

"It used to be an epicenter," said Sean Dugan, the third-generation president of Dugan Production, a family drilling business in the boom-and-bust town of Farmington. "When the majors left, they took all their rigs with them." He's talking about the major international companies like Chevron and BP that started pulling out of the basin after the 2008 financial crisis, when natural gas prices slumped. Many left for shale drilling areas like the Bakken in North Dakota or the Permian Basin in southern New Mexico and Texas where drilling on private land was more productive, lucrative and economical.

Today it's only the smaller independents like Dugan still hanging on. But he sees potential for another boom out here. "Oh yeah, we've got a lot of tricks up our sleeves," said the cheerful and charismatic Dugan. "The basin has a lot to give. We've barely begun to tap its potential." Local drillers say more than half the gas reserves in this region have yet to be tapped. And the hope is all the new computer data centers being built in places like Phoenix will want cheaper gas-powered electricity.

Saudi startup of gas field will make more crude oil available for export

(Rystad Energy; April 23) - Crude burn — the direct use of crude oil in power plants and industrial facilities, primarily for electricity generation — has long been a staple in Saudi Arabia's energy mix. The kingdom burns significant volumes of oil to meet domestic electricity demand. However, analysis from Rystad Energy shows the upcoming Jafurah shale gas field, set to start production in 2025 and the largest of its kind globally, could dramatically shift this dynamic.

By tapping into unconventional gas, Saudi Arabia stands to displace up to 350,000 barrels per day of crude burn by 2030. The increased gas supply would not only curb domestic crude use but also free up more oil and refined products for export, strengthening the country's position in global energy markets. The Jafurah project is a key component of Saudi Arabia's Vision 2030, which seeks to boost gas production by 60% from 2021 levels while diversifying the nation's energy mix.

Utilizing more efficient natural gas and renewable energy in power generation will also enable Saudi Arabia to reduce its dependence on crude oil. Planned to unfold in three phases, the project will see more than $100 billion in investment in the next decade, positioning Saudi Arabia as the world's third-largest shale gas producer. Strategically located near Aramco's Uthmaniyah gas-processing plant, Jafurah benefits from logistical efficiencies, as its proximity reduces the need for costly, long pipelines.

Argentina's YPF opts for floating LNG facilities instead of onshore

(Reuters; April 25) - Argentina's state-run oil firm YPF has ruled out building an onshore natural gas liquefaction plant as it will instead rely on floating vessels for the export-focused endeavor, YPF's chief executive said in an interview with local media. CEO Horacio Marin said there would be no onshore plant and the three phases in its plan to export LNG would be through floating production and liquefaction ships.

"The time frames are much faster than on a land-based plant and they're all turnkey projects, so you know exactly what they will cost," he said. YPF is leading development of Argentina's Vaca Muerta formation, which holds the world's second-largest shale gas reserves and fourth largest for shale oil. Under the project, YPF and other oil firms are planning by 2027 to start up Argentina's first liquefaction vessel with a capacity of 400 million cubic feet per day of gas, adding a second vessel the following year.

YPF has signed a deal with Shell under which the oil major will participate in the production, liquefaction and sale of LNG. YPF also recently signed a memorandum of understanding with Italy's Eni to develop LNG facilities, including pipelines to two floating liquefaction facilities, each with a capacity to produce 6 million tonnes per year.

Moscow reaches deal to supply Iran with natural gas

(Reuters; April 25) - Moscow and Tehran have reached a deal on almost 2 trillion cubic feet of Russian gas supplies a year, though prices are not yet settled, while Russia also pledged to fund construction of a new nuclear power plant in Iran, officials said on April 25. The preliminary agreements came as the U.S. is looking to isolate Iran from the rest of the world unless Tehran agrees to a new deal for inspections of its nuclear facilities.

Russia has deepened ties with Iran since the start of the military conflict in Ukraine and signed a strategic partnership treaty with Tehran in January. Both countries are under Western sanctions. Moscow's oil and gas exports to Europe have drastically declined. Russia has a long history of cooperation with Iran and helped build a nuclear reactor at Bushehr in the south of the country, Iran's first.

Shana News Agency said both countries agreed on a gas agreement, while a nuclear power plant in Iran would be built with financing from Moscow's credit line. Despite holding the world's second-largest gas reserves after Russia, Iran imports gas, including from Turkmenistan, due to severe underinvestment caused in part by U.S. sanctions.

Global electrification forces discussion of how to meet demand

(Bloomberg columnist; April 24) - The electrification of everything is the biggest shakeup the global energy system has seen in decades. Unfortunately, the route to the future is hung up by the culture wars of the energy transition and the fight against climate change. That's putting pressure on the advocates of electric vehicles, heat pumps and wind turbines to address the risks their vision carries.

Confronting them is increasingly important as power consumption booms. Since 2010, global electricity demand has grown almost twice as fast as total energy use. That is likely to continue, in part because of electron-hungry new technologies, like data centers and artificial intelligence. At the same time, the way the world meets electricity demand is changing: Weather-dependent solar panels and wind turbines are becoming the largest source of incremental supply in contrast to the dependable sources of the past century — atomic reactors, coal-fired power plants and large hydropower projects.

Still, the global mindset when it comes to energy security is firmly focused on the geopolitics of fossil fuels and the Middle East, rather than in the new world of electrons.

Energy officials have yet to map properly the risk implications of electrifying everything. Fortunately, governments are starting to wake up. The International Energy Agency is proposing to elevate “electricity security to a strategic policy priority.” In a confidential paper ahead of a meeting on energy security organized with the U.K. government April 24-25, it told delegates: “Electricity security is more important than ever."

Unfortunately, green activists believe any concerns represent little more than attempts to delay a transition away from fossil fuels. On the other power pole, climate deniers only see trouble in renewables, EVs and other greener technologies, forgetting all the risks that oil, gas and coal bring along. In between is reality. It’s unclear how the grid will work when the weather isn't helping. That's a reality that the IEA — and renewable advocates — have long downplayed. It's refreshing that's now acknowledged openly.