Oil and Gas News Briefs
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Crude oil prices crash almost 14% in two days

(Bloomberg; April 4) - The plunge in oil prices over the past two days following the twin shocks of President Donald Trump's tariffs and the surprise boost in production from OPEC+ has altered the global energy landscape with stunning speed. Brent crude, the global benchmark, tumbled almost 14% in two days, April 3 and 4, to just over $66 a barrel, casting new doubts on Trump's quest to aggressively boost U.S. fossil fuel output and achieve "energy dominance." Across the Atlantic, the sell-off is poised to ease soaring energy costs in Europe but also squeeze Middle Eastern petrostates.

Already the oil market is tossing aside expectations for 2025. Goldman Sachs, one of Wall Street's long-standing crude bulls, on April 3 cut its year-end price forecast for Brent crude by $5, to $66 a barrel. Enverus has slashed more than a third from its demand-growth model. UBS Group, which at the start of the year forecast global demand would grow by 1.1 million barrels per day, is now cutting that by nearly 50%.

U.S. oil futures settled near $61 a barrel on April 4 — well below the $65 that many companies need to profitably drill new wells in Texas and surrounding states, according to a recent survey by the Federal Reserve Bank of Dallas. The trade war, meanwhile, is driving up the price of the drilling equipment, with pipe costs rising about 30% compared to before Trump imposed tariffs on steel last month. The combination of lower oil prices and higher costs threaten to derail Trump's push for U.S. drillers to ramp up production.

Falling prices threaten treasuries of oil-producing nations

(Bloomberg; April 7) – Oil's steep decline continued April 7, with the U.S. benchmark briefly falling below $60 a barrel early morning as another plunge in financial markets was compounded by Saudi Arabia making some of the biggest cuts in years to its flagship oil price. The drop in just a few days is threatening the coffers of oil-producing nations that need far higher prices to cover spending. At the same time, it will take some of the sting out of inflationary pressures from President Trump's tariffs on trade partners.

Over the weekend, Saudi Arabia slashed the price of its key Arab Light crude to Asia — the top market — by the most since 2022, amid a deteriorating demand outlook. The kingdom's move was bigger than traders expected and came atop a surprise output hike from Saudi-led OPEC+ last week. "The overarching theme is the fear of weaker demand and stronger supply," said Ole Hvalbye, commodities analyst at SEB. "The

escalating trade war has raised concerns about a potential global recession, leading to weaker demand, compounded by the surprisingly large output hike from OPEC+."

The budgets of OPEC+ nations could be tested. Saudi Arabia needs $90 a barrel to balance its books, according to the International Monetary Fund. Russia said on April 7 that it's doing everything possible to minimize the impact of the rout on its economy as its key price plunges toward $50. Benchmark U.S. West Texas Intermediate prices for next year are now trading close to $58 a barrel and shale-oil company shares are down over 15% since Trump announced his tariff policies. A survey by the Dallas Federal Reserve last month said average prices need to be $65 to profitably drill new wells.

U.S. oil and gas industry caught in trade war and lower prices

(Wall Street Journal; April 6) - President Donald Trump had vowed to lower energy prices. His friends in the oil patch never dreamed he would do so by upending the global economy. Oil and gas donors spent tens of millions of dollars backing Trump's second ride to the White House after he promised a new golden age of oil prosperity. They bet he would make fossil fuels a centerpiece of his second term and help them lower production costs, attract investors and build new pipelines and export terminals.

Instead, they are caught in a trade war that investors fear will clobber the global economy and sink demand for crude oil. Over two trading sessions, benchmark U.S. oil prices fell almost 14% to $61.99 a barrel, the lowest since April 2021. That's a price that shale drillers say would eventually hinder their investment plans. For some West Texas drillers who experienced the pandemic and other black-swan events that kneecapped the industry, the tariff-induced pain feels like Washington just scored an own-goal.

"It's a game we've played before, but never by our own hand," said Taylor Sell, CEO of Midland-based Element Petroleum. Wes Perry, the chairman of Permian driller PBEX, said he met with his team April 4 to discuss the company's drilling budget and stress-test different price scenarios. The company is looking at a range of options to weather lower prices, including possibly dropping one of the two drilling rigs it was planning to operate. "No one's talked about shutting production yet, but that's a possibility," he said.

Goldman Sachs cuts oil price forecast for 2025; even deeper for 2026

(Reuters; April 3) - Goldman Sachs has lowered its forecast for Brent crude's average price this year by 5.5% to $69 a barrel and for WTI prices by 4.3% to $66, citing the risks of higher OPEC+ supply and the global trade war triggering a recession. The Wall Street brokerage also chopped its 2026 average price forecast for Brent by 9% to $62 and for WTI by 6.3% to $59. It warned that the new estimates could be lowered further.

"The risks to our reduced oil price forecast are to the downside, especially for 2026, given growing risks of recession and to a lesser extent of higher OPEC+ supply," Goldman analysts said in a note. Crude prices posted their biggest percentage drops since 2022 on April 3 after President Donald Trump slapped reciprocal tariffs on many countries and eight OPEC+ members unexpectedly advanced their plan to start boosting output in May. Goldman said it now expects oil demand to grow by only 600,000 barrels per day this year, down from its previous forecast of 900,000.

Eight OPEC+ producers approve larger boost in oil output

(CNBC; April 3) - Eight key OPEC+ producers on April 3 agreed to raise their combined crude oil output by 411,000 barrels per day, speeding up the pace of their scheduled hikes and pushing down global oil prices. Saudi Arabia, Russia, Iraq, UAE, Kuwait, Kazakhstan, Algeria and Oman met virtually to review market conditions and decided to raise collective output by 411,000 barrels per day, starting in May. The group was widely expected to implement an increase of just under 140,000 barrels per day next month.

The hike for May is "equivalent to three monthly increments," OPEC said in a statement, adding that "the gradual increases may be paused or reversed subject to evolving market conditions." The eight OPEC+ producers will start gradually unwinding 2.2 million barrels per day of voluntary cuts undertaken independently from the production strategy of the broader 22-member OPEC+ alliance, which has roughly 3.66 million barrels per day of separate cuts in place until the end of 2026.

The April 3 meeting was the first one attended by Erlan Akkenzhenov, the new energy minister of Kazakhstan, which has struggled with producing above its assigned quota. Without referencing individual countries, OPEC said in its statement that the May output hike will "provide an opportunity for the participating countries to accelerate their compensation" by way of additional production cuts in line with overproduction.

OPEC+ production boost a message to members that exceed targets

(Bloomberg; April 3) - For most of this decade, the OPEC+ alliance has been the world's most stalwart defender of high oil prices. In just a few moments this week, that role reversed dramatically. In a video conference on April 3, the coalition of crude producers led by Saudi Arabia and Russia was expected to simply remind errant members to respect their output limits, ahead of rubber stamping its plan to gradually raise output.

Instead, they delivered a major shock — increasing supply by three times the planned amount in May in what delegates described as a deliberate effort to drive down prices to punish the group's cheats. After many months of excess production from Kazakhstan and Iraq, Saudi Energy Minister Prince Abdulaziz bin Salman reached the limit of his

patience, delegates said, asking not to be identified because the talks were private. The larger-than-expected May output hike would just be an “aperitif” if those countries didn’t improve their performance, the prince said on the call.

Prince Abdulaziz’s gambit — a break from years of urging OPEC+ to remain cautious in adding supplies — illustrates the toll taken on the alliance as its effort to balance global markets drags on far longer than initially envisioned. It stirs echoes of the price war that briefly erupted between OPEC+’s leaders during the 2020 pandemic. “Today’s move appears to be more of a controlled sweating,” said Helima Croft, head of commodity strategy at RBC Capital. “A desire by the OPEC leadership to send a warning signal to Kazakhstan, Iraq and even Russia about the cost of continued overproduction.”

Japan says U.S. tariffs will add to Alaska LNG project costs

(S&P Global; April 3) - The new U.S. reciprocal tariffs on imported goods from all countries will undermine Japan's ability to invest in the United States, Minister of Economy, Trade and Industry Yoji Muto said April 3. Muto said this was the message he delivered during an online meeting with U.S. Secretary of Commerce Howard Lutnick, just hours before President Donald Trump announced a new set of reciprocal tariffs on April 2, including a 24% tariff on Japan.

"I explained in detail that U.S. tariffs would undermine the investment capacity of Japanese companies in the U.S., which would also have a negative impact on the U.S economy," Muto told a press conference in Tokyo. Trump announced a sweeping round of tariffs on U.S. imports from major trading partners. "It is extremely regrettable that the reciprocal tariff measures were announced without Japan being excluded," Muto said.

Trump's barrage of tariffs comes as his administration prioritizes the development of an Alaska LNG export project, while several Japanese companies have expressed interest in procuring more U.S. LNG and participating in LNG projects in the country. The new tariffs are expected to increase project construction and equipment costs, which could have "negative impacts on the establishment of natural gas supply systems, including the development of domestic natural gas resources and LNG exports," said Takayuki Nogami, chief economist at the Japan Organization for Metals and Energy Security.

"Therefore, when constructing pipelines and liquefied natural gas facilities (in Alaska), there is an increased risk that related costs will escalate, which could further pressure the profitability of investments in these projects,” Nogami said.

Mitsubishi says Alaska LNG requires ‘thorough due diligence’

(Reuters; April 3) - Japanese trading house Mitsubishi may consider investing in the Alaska liquefied natural gas project, though any decision will require careful review, CEO Katsuya Nakanishi said on April 3. An Alaska delegation visited Japan last week to brief policymakers and meet possible backers of the $44 billion project, which is part of President Donald Trump’s push for U.S. gas exports. "We have been approached and are considering it," Nakanishi told reporters about possible participation in the project.

"However, we need to conduct thorough due diligence," he said, noting that the project has been proposed many times in the past. Mitsubishi plans to carefully evaluate its feasibility, considering factors such as the more than 800 miles of pipeline to move gas from Alaska’s Arctic to the proposed liquefaction terminal. Trump on April 2 announced a 10% tariff on most goods imported to the U.S., as well as much higher levies on dozens of rivals and allies, including Japan. Nakanishi said there could be opportunities brought by the tariffs, but that the company would carefully evaluate the risks as well.

Legendary U.S. investor Warren Buffett's Berkshire Hathaway is among the largest Mitsubishi shareholders, holding a 9.67% stake.

Japan’s prime minister says Alaska LNG could be part of a trade deal

(Bloomberg; April 7) - Japan would consider investing in a long-delayed $44 billion liquefied natural gas project in Alaska as part of an effort to negotiate a trade deal with the U.S. The Alaska energy project should be included in a trade package, Prime Minister Shigeru Ishiba told parliament on April 7, as he seeks to put together a sweeping agreement with Washington.

President Donald Trump has touted the proposed project, though the high cost of building the liquefaction terminal and more than 800 miles of pipeline has made potential participants wary. Developing a liquefied natural gas project in Alaska would take a least a decade, Mitsubishi President Katsuya Nakanishi said last week, questioning whether the project is viable.

Ishiba’s comments indicate that he’s willing to sign on to help win concessions in Washington’s quickly expanding trade war. Japan has been the world’s biggest LNG buyer so far this year, and the U.S. is the world’s top supplier. “In our negotiations with the United States, we must present a package,” Ishiba said. “It is not wise to give out individual items one by one. How should we think about LNG from Alaska? How should we think about ethanol? We must present these as a package.”

Commissioning cargo arrives at LNG Canada plant

(CBC News; Canada; April 3) - A 670-foot-long tanker has arrived on British Columbia's North Coast, making it the first liquefied natural gas carrier to arrive in Kitimat as a major energy export project prepares to come online this summer. The Maran Gas Roxana, sailing under the flag of Greece, made its way through the Douglas Channel on April 2, carrying a cargo of Australian LNG that will be used for equipment testing and commissioning at the LNG Canada terminal.

If all goes to plan, the terminal is expected to export 14 million tonnes of LNG a year, creating close to 300 ongoing jobs for 40 years, according to the provincial government. A proposed Phase 2 — still in the early planning stages — would double the capacity to 28 million tonnes a year. Built at a cost of C$40 billion, the Canadian government said the project is the "largest single private-sector investment in the history of the country," with backing from Shell, Petronas, PetroChina, Mitsubishi and Korea Gas Corp.

The LNG Canada plant will receive gas via a 416-mile pipeline, from near Dawson Creek in northeastern British Columbia, then supercool and liquefy the gas for shipment to Asian markets. As testing takes place at the new terminal, gas flaring will be more frequent and visible in the community. The project has the backing of the provincial and federal governments, as well as approval from 25 First Nations.

Government pushes LNG Canada project to double capacity

(Bloomberg; April 4) - Canada's government supports doubling the scale of an already-huge natural gas project on the West Coast and now sees it as "likely," according to its resources minister, as the country pushes to diversify exports away from a hostile U.S. The LNG Canada consortium, which includes Shell and four Asian partners, is expected to send its first shipments of liquefied natural gas within months. Then the group will have to make a final investment decision on whether to proceed with a second phase.

"Yes, we would like to see a positive FID from LNG Canada 2," Jonathan Wilkinson, the natural resources and energy minister, said in an interview. LNG Canada represents tens of billions of dollars in capital investment and is one of the largest private-sector projects in Canadian history. Phase 2 would double the terminal's capacity to 28 million tonnes per year. It's important in Canada's efforts to diversify trade, Wilkinson said.

In one of his first speeches after becoming prime minister in March, Mark Carney said LNG Canada is a "project of national significance." That shows a "commitment" to try to get a positive decision on the second phase, Wilkinson said in an interview at his North Vancouver office. LNG Canada Vice President Teresa Waddington said the company and its joint-venture investors continue to explore pathways to a Phase 2 expansion, and that the decision will factor in competitiveness, affordability, speed, future greenhouse gas emissions and stakeholder needs.

High tolls dissuade shippers from using expanded oil line in Canada

(Reuters; April 2) - Canada's Trans Mountain oil pipeline has downgraded forecasts for the amount of oil expected to flow through its system in the next three years, as use of the newly expanded pipeline increases more slowly than expected. The lower forecasts were filed by Trans Mountain with the Canada Energy Regulator last month. They indicate unwillingness by oil companies to pay higher tolls the government-owned line has been charging customers to ship oil on the newly expanded pipeline, analysts said.

They said 20% of the pipeline's capacity that is reserved for spot shipments is being underutilized because shipping costs are higher than the Enbridge Mainline system, the largest oil pipeline system in North America, which moves oil from Western Canada to markets in Eastern Canada and the U.S. Midwest. The lower forecasts raise questions about Trans Mountain's ability to generate revenue and attract a private-sector buyer. Ottawa has indicated it ultimately wants to sell the pipeline, which it purchased seven years ago to ensure that the expansion was completed after the owner wanted out.

Analysts cited massive budget overruns during construction, and noted that last spring Trans Mountain hiked its tolls to ship oil. Construction costs came to about C$34 billion, nearly quintuple a 2017 estimate. While about 70% of cost overruns will be borne by Trans Mountain, the remaining third — more than C$9 billion — are "uncapped costs" which increase tolls under a formula agreed to by shippers and approved by Canadian regulators more than a decade ago. As a result, contracted shippers now pay nearly twice what Trans Mountain estimated in 2017. Spot shippers pay even higher rates.

Louisiana jury rules Chevron owes $740 million for coastal damages

(Associated Press; April 4) - Chevron must pay at least $740 million to restore damage it caused to southeast Louisiana’s coastal wetlands, a jury ruled on April 4 following a landmark trial more than a decade in the making. The case was the first of dozens of pending lawsuits to reach trial in Louisiana against the world’s leading oil companies for their role in accelerating land loss along the state’s rapidly disappearing coast.

The verdict — which Chevron said it will appeal — could set a precedent leaving other oil and gas firms on the hook for billions of dollars in damages tied to land loss and environmental degradation. Jurors found that energy giant Texaco, acquired by Chevron in 2001, had for decades violated Louisiana regulations governing coastal resources by failing to restore wetlands impacted by dredging canals, drilling wells and billions of gallons of wastewater dumped into the marsh.

The jury awarded $575 million to compensate for land loss, $161 million to compensate for contamination and $8.6 million for abandoned equipment — a total of $744.6 million. Including interest from when the lawsuit was filed in 2013, the amount earmarked for

restoration exceeds $1.1 billion, according to attorneys for Talbot, Carmouche & Marcello, the firm behind the lawsuit. The parish had asked for $2.6 billion in damages.

A 1978 Louisiana coastal management law mandated that sites used by oil companies "be cleared, revegetated, detoxified and otherwise restored as near as practicable to their original condition" after operations end. Older operations sites that continued to be used were not exempt and companies were expected to apply for permits. But Texaco did not obtain permits and failed to clean up its mess, leading to contamination from wastewater stored unsafely or dumped directly into the marsh, the lawsuit said.

Legislation would charge oil producers for climate change disasters

(Oregon Chronicle Capital; April 2) - For many California residents, the Los Angeles wildfires earlier this year were the latest and most searing example of the devastating effects of climate change. Some estimates have pegged the damages and economic losses from the fires at more than $250 billion. "We've had disaster after disaster after disaster," said Assemblymember Dawn Addis. "It's taxpayers and insurance ratepayers that are bearing the cost. It's not sustainable, it's not right and it's not ethical."

Addis and Democratic lawmakers in nearly a dozen other states want to force the world's largest fossil fuel companies to help pay for the recovery costs of climate-related disasters. Last year, Vermont became the first state to pass a "climate Superfund" law, followed soon after by New York. During this year's legislative sessions, 10 states have seen similar proposals, several of which have advanced in key committees. Advocates point to legislation in Maryland that has drawn support in both chambers, as well as to strong grassroots support in California after the Los Angeles wildfires.

Lawmakers say the rapidly increasing cost of climate disasters — from wildfires to floods to sea level rise — is more than state budgets can bear. "Climate Superfund is the 'it girl' policy of the (2025) session," said Ava Gallo, climate and energy program manager with the National Caucus of Environmental Legislators. "There's a lot of popularity in the idea of holding polluters responsible." Fossil fuel companies and their allies have fought back hard. Late last year, the American Petroleum Institute and the U.S. Chamber of Commerce filed a lawsuit challenging Vermont's measure.

BP shutting down its low-carbon team

(Financial Times; London; April 3) - BP is shutting its low-carbon mobility team in the energy major's latest retreat from its five-year-old attempt to diversify away from oil and gas. The unit was responsible for developing electric, hydrogen and other low-emission solutions for vehicles, particularly trucks. It is the most recent casualty of CEO Murray Auchincloss's plan to refocus BP on its legacy oil and gas business.

Senior BP executive Martin Thomsen told staff on April 3 that it was no longer "commercially viable" for BP to justify a dedicated team to the area. Any remaining activities would be allocated to other parts of the business, he said. In an effort to increase returns and boost BP's share price, Auchincloss in February announced he was scrapping a five-year-old plan to become a major renewable energy player and cutting spending on green energy by 70%.

Thomsen wrote in an email to staff on April 2: "As you know, and Murray has made very clear, we can see that the energy transition is moving at a slower pace than we had anticipated." Projects in low-carbon mobility were developing "more slowly" and required "a lot of investment" at a time when the capital available to the wider division had been reduced, he added. On a call with staff on the same day, he was direct: "We had a view of low carbon that didn't happen," he said, according to a person on the call. "We need to revert to the old BP — more oil and gas — and old-fashioned retail — petrol, diesel."

Hereditary chiefs sue over proposed British Columbia LNG project

(National Observer; Canada; April 3) - A proposed northern British Columbia liquefied natural gas project is facing a court challenge over its impact on the environment. The proposed Ksi Lisims LNG project would include an export terminal at the mouth of the Nass River, fed by an almost 800-mile pipeline from eastern British Columbia. Gitanyow Hereditary Chiefs are seeking to overturn a B.C. Environmental Assessment Office decision that the chiefs say didn't include the Gitanyow in discussions about the project.

In a February hearing, following a petition filed in October, the Gitanyow told a B.C. Supreme Court Justice that the provincial government's decision to exclude the chiefs from consultations on the LNG project violates the First Nation's rights. The petition said the project would disrupt delicate salmon habitats that the Gitanyow rely on for food and cultural practices. The project is jointly proposed by gas producers Rockies LNG Partners and Texas-based Western LNG and the Nisga'a Lisims tribal government.

The floating LNG terminal is proposed for Pearse Island in northern B.C., just across the border from Southeast Alaska. Studies show that juvenile salmon found in the area of the facility could be migrating from different parts of the Nass River watershed, including Gitanyow territory, to the Pacific Ocean. "If they do migrate from Gitanyow territory, there will be an impact to our fisheries," said Tara Marsden, sustainability director for the hereditary chiefs. Arguments against the need to consult with the First Nation cited the fact that its territory — 50 miles from the proposed project — is too far from the terminal.

Chinese power plant modules installed at Russian LNG plant

(High North News; April 3) - Russia's liquefied natural gas company Novatek is pressing on with its sanctioned flagship project, Arctic LNG 2. In recent days, satellite images confirm two noteworthy developments at the project high in the Russian Arctic. Power plant modules delivered to the site in November 2024 from Chinese manufacturer Wison have been unloaded and installed next to the production lines. The units will provide power to the plant's second and in the future third liquefaction train.

The redesign became necessary following the departure from Russia of American supplier Baker Hughes before delivering all the required turbines to power the operation. Wison provided the replacement power plant in violation of Western sanctions. The U.S. government subsequently sanctioned the Chinese company's Zhoushan unit for the illegal delivery. Installation of the power modules shows that Novatek continues pushing ahead with the completion of the second liquefaction line.

The first production line began operation last August but the project struggled to find buyers for its sanctioned product. The plant was mothballed in October after shipping out just eight cargos. The satellite images showing recent flaring activity indicate at least a temporary restart of production of the first train or a test startup of the second production line. But the activity may be short-lived. Storage tanks are near their limits. It is unlikely that the project's majority owner, Novatek, would attempt full production at the height of winter sea ice, as it continues to lack access to ice-class LNG carriers.