

# Oil and Gas News Briefs

## Compiled by Larry Persily

### August 14, 2025

#### **Oil and gas industry turns attention to finding new reserves**

(Financial Times; London; Aug. 10) - The world's leading oil companies are stepping up their hunt for new oil and gas reserves, as a slower than expected transition to clean energy sets the stage for stronger fossil fuel demand for decades to come. Executives from BP, Chevron, ExxonMobil, Shell and TotalEnergies all used recent earnings calls to highlight how they have begun refocusing on securing new reserves after years of prioritizing renewables.

Expectations for a rapid energy transition have moderated in recent years, as elevated inflation and interest rates raised costs and slowed development of renewables. Geopolitical instability has led governments to prioritize energy security over decarbonization. Wood Mackenzie estimates a slower transition could leave the world needing about 5% more oil per year than previously forecast from the mid-2030s. The energy consultancy forecasts that the world will require more than 100 billion additional barrels of oil and gas from exploration by 2050 to help fill this gap.

The expectation of greater demand is raising concerns that years of underinvestment have left the industry unprepared. Jessica Ciosek, head of Americas exploration research at Wood Mackenzie, said there was a "huge need" for more oil and gas. She said the industry was playing catch-up after neglecting exploration earlier in the decade, choosing instead to focus on slashing costs and gearing up for a quick shift to clean energy. Last year, a total of 5 billion barrels of oil were discovered, according to Rystad, another energy consultancy, equivalent to about 20% of the world's annual production.

#### **With efficiencies, U.S. shale producers doing more with less**

(Bloomberg; Aug. 11) - The U.S. oil industry is often compared to being on a treadmill: You run fast just to stay still. Because shale wells quickly sputter, companies need to rapidly drill replacements — a laborious and expensive endeavor. Of late, the treadmill feels like it's running just a bit slower, even though American oil production is holding up despite Saudi Arabia and Russia driving prices down. The outcome is crucial for the oil market, as two out of every 10 barrels worldwide are from the U.S. For OPEC+, more resilient American oil production will lower prices for the rest of this year and into 2026.

The trend was clear during the industry's earnings season. In quarterly updates and conference calls, most companies announced what Houston oil banker Dan Pickering summed up as "more production, less spending." Jeff Leitzell, chief operating officer of

shale giant EOG Resources, set the tone: “Once again, we outperformed both our production and cost expectations.” Shale companies are doing more with less by creating wells more quickly, and that reach farther into the rock. In the process, they’re reducing the number of drilling rigs and fracking crews, lowering costs.

Kaes Van't Hof, CEO of shale giant Diamondback Energy, reckons his company is pushing “the limits of efficiency.” Others are too. Once upon a time, shale wells took several weeks to drill; now, some are ready in four days. However, despite the efficiency-driven resilience, at some point shale production will fall, considering the amount of cost-cutting the industry has already embarked on. But for now, everything suggests the U.S. is riding the OPEC+-induced oil price crash even better than the most optimistic had expected, and certainly a lot better than the naysayers’ dire predictions.

### **IEA forecasts record global oil surplus next year**

(Bloomberg; Aug. 13) - Global oil markets are on track for a record surplus next year as demand growth slows and supplies swell, the International Energy Agency said. Oil inventories will accumulate at a rate of 2.96 million barrels a day, surpassing even the average buildup during the pandemic year of 2020, data from the IEA’s monthly report showed. And while world oil demand this year and next is expected to grow at less than half the pace seen in 2023, supplies are booming.

The OPEC+ coalition, led by Saudi Arabia, has fast-tracked the restart of halted production, and the IEA has slightly bolstered its forecasts for output outside the group in 2026, led by the Americas. “Oil-market balances look ever more bloated as forecast supply far eclipses demand toward year-end and in 2026,” the Paris-based agency said. “It is clear that something will have to give for the market to balance.”

Global oil demand will grow by just 680,000 barrels a day this year, the weakest since 2019, amid disappointing demand in China, India and Brazil. It will expand by 700,000 a day in 2026, according to the report. The IEA has predicted that world oil demand will stop growing by the end of this decade as countries shift away from fossil fuels toward electric vehicles. Crude prices have declined roughly 12% this year, trading near \$66 a barrel in London, as increasing supplies from both OPEC+ and its rivals coincide with deepening concern that President Donald Trump’s trade war will hurt economic growth.

### **IEA says world oil supply rising faster than demand**

(Reuters; Aug. 13) - World oil supply will rise more rapidly than expected this year and next as OPEC+ members further increase output and supply from outside the group grows, the International Energy Agency said on Aug. 13. Supply will rise by 2.5 million

barrels per day in 2025, up from 2.1 million previously forecast, the IEA, which advises industrialized countries, said in a monthly report, and by a further 1.9 million next year.

OPEC+ is adding more crude to the market after the Organization of the Petroleum Exporting Countries, Russia and other allies decided to unwind its most recent layer of output cuts more rapidly than earlier scheduled. The extra supply, along with concern about the economic impact of President Donald Trump's tariffs, has weighed on oil this year. Supply is rising far faster than demand in the IEA's view. It expects world oil demand to rise by 680,000 barrels per day this year and 700,000 next year.

"The latest data show lackluster demand across the major economies and, with consumer confidence still depressed, a sharp rebound appears remote," the agency said in the report that linked its higher output forecast to increased OPEC+ production targets. "Oil market balances look ever more bloated." IEA demand forecasts are at the lower end of the industry range, as the agency expects a faster transition to renewable energy sources than some other forecasters.

### **Texas state agency warns wastewater could contaminate oil wells**

(Bloomberg; Aug. 11) - A Texas agency overseeing 13 million acres of state land is warning that toxic waste fluid from shale drilling threatens to contaminate oil wells in North America's most prolific crude basin. The General Land Office of Texas, which was founded in 1836 and generates billions of dollars for public schools by leasing land to oil companies, said plans by Pilot Water Solutions to add three wastewater disposal wells in the Permian Basin near New Mexico would damage its nearby oil reserves.

ConocoPhillips, one of the largest producers in the basin, is also arguing against the proposal. As of March 2024, Conoco said it only produced 37% of the oil it expected — while generating almost double the amount of water — in the area near Pilot's proposed disposal wells. The pushback from the state and ConocoPhillips underscores how the wastewater problem has reached a new level of urgency. As many as five barrels of water are produced for each barrel of Permian oil, creating a major disposal dilemma.

For years, environmentalists and ranchers sounded the alarm about earthquakes caused by pumping wastewater underground. But the problem has grown as Permian oil output hits fresh records. "Disposal of waste should not be done in a manner or location that endangers oil and gas resources," Dawn Buckingham, a commissioner at the land office, wrote in a June 2 letter to state oil and gas regulators. She said the water — possibly from outside of Texas — injected into Pilot's wells "could have a detrimental impact on oil and gas revenue constitutionally dedicated to schoolchildren."

ConocoPhillips is the biggest producer yet to raise concerns about wastewater, but it's far from the first. Coterra Energy warned investors last week not to expect any oil production this year from wells that were contaminated by wastewater leaks. Before

that, closely held New Mexico producer Stateline Operating Co. filed suit against Devon Energy and Aris Water Solutions, alleging that toxic water leaked from the companies' disposal wells into its production zones and rendered its reserves worthless.

### **U.S. oil and gas industry lobbies against tariffs on imported steel**

(Argus; Aug. 11) – U.S. oil and gas trade groups, which have celebrated much of the energy policy agenda of President Donald Trump's administration, have also quietly spent much of the first six months of his presidency waging an unsuccessful battle for tariff relief on metals and components that raise the industry's costs. Lobbying groups representing a broad swath of the U.S. industry met with numerous federal agencies in recent months to illustrate the difficulty of sourcing necessary equipment and materials from within the U.S. that those companies have been importing from around the world.

While Trump's so-called "energy dominance" agenda is a "much-welcomed step" for the U.S. offshore oil and gas industry, "the imposition of tariffs on critical supplies, equipment and materials has created a real barrier to investment in U.S. offshore projects," according to a June 12 letter that the trade group National Ocean Industries Association (NOIA) sent the U.S. Department of Commerce. The information is in documents seen by Argus and obtained through Freedom of Information Act requests.

"Existing U.S. mills lack the ability to produce the metals our industry needs to maintain and grow our operations, due in large part to the specialized nature and tight specifications of offshore energy producers," NOIA President Erik Milito wrote Joseph Bartlett, deputy undersecretary at the Department of Commerce's Bureau of Industry and Security. A 25% tariff on imported steel will raise offshore project costs by 8%, Milito said, citing a May 31 white paper by energy consultancy Rystad Energy. Trump in early June raised the steel tariff on most countries to 50%.

### **Oil market shrugs off Trump's tariff threats against India**

(Reuters commentary; Aug. 11) - The crude oil market's rather sanguine reaction to U.S. threats against India over its continued purchases of Russian oil is effectively a bet that very little will actually happen. President Donald Trump cited India's imports of Russian crude when imposing an additional 25% tariff on imports from India on Aug. 6, which is due to take effect on Aug. 28. If the new tariff rate does come into place, it will take the rate for some Indian goods to as much as 50%, a level high enough to effectively end U.S. imports from India, which totaled nearly \$87 billion in 2024.

As with everything related to Trump, it pays to be cautious given his track record of backflips and pivots. Whether Trump follows through on his additional tariffs on India remains uncertain. The best path for India to avoid the tariffs would be to acquiesce and

stop buying Russian oil. But this is an outcome that simply isn't being reflected in current crude oil prices. Global benchmark Brent futures have weakened since Trump's announcement of higher tariffs on India, dropping as low as \$65.81 a barrel in early Asian trade on Aug. 11, the lowest level in two months.

This is a price that entirely discounts any threat to global supplies and assumes that India will either continue buying Russian crude at current volumes, or be able to easily source suitable replacements without tightening the global market. For now, the oil market is assuming that the Trump/India/Russia situation will end as another TACO, the acronym for Trump Always Chickens Out. The reality is likely to be slightly more messy as some Indian refiners pull back from importing from Russia, some Chinese refiners may buy more, and once again the oil market goes on a geopolitical merry-go-round.

### **OPEC forecasts higher global demand for oil next year**

(Reuters; Aug. 12) - OPEC on Aug. 12 raised its global oil demand forecast for next year and trimmed its estimate for growth in supply from the U.S. and other producers outside the wider OPEC+ group, pointing to a tighter market. The outlook for higher demand and a drop in supply growth from outside OPEC+, which groups OPEC with Russia and other allies, would make it easier for OPEC+ to proceed with its plan to pump more barrels to regain market share after years of cuts aimed at supporting the market.

World oil demand will rise by 1.38 million barrels per day in 2026, the Organization of the Petroleum Exporting Countries said in a monthly report, up 100,000 from the previous forecast. This year's expectation was left unchanged. The forecasts are at the higher end of the industry range, as OPEC expects a slower energy transition than some other forecasters such as the International Energy Agency, which expects world demand to rise by just 700,000 barrels per day this year.

The drop in oil prices this year, partly due to OPEC+ output hikes and concern about U.S. tariffs, has put pressure on the economics of U.S. shale, analysts say. OPEC+ sources said the group's policy shift to raise output after years of supporting the market with production cuts was driven partly to take on U.S. shale. While the U.S. is still expected to be a driver of this growth, OPEC now expects U.S. total oil output to rise by about 130,000 barrels per day next year, against a January forecast of 510,000.

### **Louisiana LNG plant owner wins arbitration with contract customer**

(Financial Times; London; Aug. 12) - Venture Global has won an important arbitration case, defeating Shell's claims that it broke supply contracts to profit from higher prices, in a boost to the one of the largest U.S. suppliers of liquefied natural gas. It is one of several arbitration cases pursued by customers of Venture Global's Calcasieu Pass

LNG terminal in Louisiana, which allege the company failed to deliver shipments under long-term supply contracts and instead sold them for higher prices on the spot market when gas prices soared following Russia's full-scale invasion of Ukraine.

The customers — which include Shell, BP, China's Sinopec and several European energy companies — lodged damages' claims for between \$6.7 billion to \$7.4 billion against the LNG provider and sought arbitration at the International Chamber of Commerce. Venture Global has said contractual provisions limit the total liability for these claims to about \$1.6 billion, although this is disputed by some of the customers.

Alex Munton, analyst at Rapidan Energy Group, a Washington-based consultancy, said the arbitration was a significant win for Venture Global due to the financial stakes and would probably set a precedent in the other cases. He said foundation customers within the LNG industry that sign long-term supply contracts to enable providers to finance the construction of gas facilities were already moving to tighten contract terms.

Venture Global has denied that it violated its supply contracts, arguing that it was not obliged to ship cargoes to its long-term customers because its LNG facility had not started commercial operations and was still in the commissioning stage when it sold cargoes on the spot market from March 2022 to April 2025. An arbitration court sided with the company in its ruling issued on Aug. 12.

### **Santos wins court case against contractor on Australia LNG project**

(Offshore Energy; Aug. 11) - Australia's energy player Santos has been declared the winner of a court case it brought against Fluor Australia, a subsidiary of Texas-based engineering firm Fluor, related to construction of a liquefied natural gas project on Curtis Island in Australia. Upholding the majority of the findings of three referees from 2023, the Queensland Supreme Court ruled that Fluor must pay approximately A\$692 million, or around US\$451 million, to Santos and its co-venturers. Additional amounts to be paid will be determined in the coming weeks.

The case relates to an engineering, procurement and construction contract that Santos signed with Fluor in 2011 for the development of production facilities forming part of the Gladstone LNG project on Australia's East Coast. As stated in the ruling, Santos sought to recover contract overpayments, damages for breach of a collateral contract or misleading or deceptive conduct in contravention of the Australian Consumer Law, and liquidated damages for the project's late completion.

The plant is located on Curtis Island, about 3 miles north of the city of Gladstone, Queensland. The plant consists of two trains with a combined nameplate capacity of 7.8 million tonnes per year. Construction took place between 2011 and 2014. Natural gas, including coal-seam gas from the Bowen and Surat Basins, is liquefied for export after



being transported there via a 260-mile pipeline. Santos has a 30% interest in the project, with Petronas (27.5%), TotalEnergies (27.5%) and Korea Gas (15%).

### **Texas LNG project developer raises \$1.8 billion in equity investments**

(Reuters; Aug. 11) - U.S. liquefied natural gas developer NextDecade will receive up to \$1.8 billion in equity commitments from French oil and gas major TotalEnergies and U.S.-based investment fund Global Infrastructure Partners (GIP) to finance a fourth liquefaction train at its Rio Grande LNG export project in Texas, the company said Aug. 11 in a regulatory filing. The move brings NextDecade one step closer to a positive financial decision on the 5.4-million-tonne-per-year expansion to its facility.

The company is still awaiting a supplemental environmental approval for its project, even though federal regulators have completed the final environmental impact statement and last week recommended the project be allowed to proceed. TotalEnergies will contribute about \$300 million for a 10% stake in the Train 4 joint venture, while a GIP affiliate will invest up to \$1.5 billion for a 50% interest, which will fall to 30% once certain return thresholds are met, NextDecade said.

NextDecade, through its subsidiaries, will provide up to \$1.2 billion for a 40% interest, which could rise to 60% after GIP reaches agreed returns. TotalEnergies has a long-term agreement with NextDecade to purchase 1.5 million tonnes of LNG from Train 4. NextDecade has entered into a fixed-price contract for the construction of Train 4 with Bechtel for \$4.77 billion, but the price is only valid until Sept. 15. NextDecade is building the first phase of its Rio Grande LNG facility with a capacity of 17.6 million tonnes and is working to develop Trains 4 and 5 with a combined capacity of 10.8 million tonnes.

### **Malaysia wants to grow LNG exports and also meet domestic needs**

(Bloomberg; Aug. 12) – Malaysia's Petroliaam Nasional is seeking to expand its liquefied natural gas exports to growing Asian markets while also supporting the country's rising energy needs that are being partly driven by a data-center boom. The state-owned company's diversified portfolio — which includes a newly operational LNG export plant in Canada — will enable it to meet overseas demand for gas, said Adif Zulkifli, chief executive officer of Petronas' gas and maritime business.

The firm plans to expand beyond its traditional markets — Japan, China and South Korea — to countries in Southeast Asia, including Vietnam and the Philippines, he said in an interview. But the gas-producing country is also eyeing more imports because its own reserves are dwindling at a time when its energy requirements are growing thanks to a proliferation in power-hungry data centers serving the artificial intelligence industry.

Malaysia imported about 3.3 million tonnes of LNG in 2024, up from 2.1 million in 2021, according to Bloomberg's vessel-tracking data. Petronas will continue exploration for more resources to sustain its domestic production, which has already peaked, Adif said. It operates one of the world's largest LNG terminals in Bintulu on the Sarawak coast, and has enough gas to fill its plant there "for as long as we need," he said. Traditional LNG suppliers in Asia are being forced to rethink their export strategies as they try to reconcile rapid economic growth with falling domestic reserves.

### **Sanctioned LNG carrier berths at Russian LNG terminal**

(Reuters; Aug. 11) - A liquefied natural gas carrier targeted by U.S. sanctions has berthed at Russia's Arctic LNG 2 plant, the fourth such vessel to do so this year, shiptracking data from Kpler and LSEG showed. The Christophe De Margerie tanker arrived unloaded on Aug. 9, showed Kpler data. The vessel was sanctioned by the U.S. Treasury in January as part of a broader goal to target Russia's oil and gas revenues.

The Arctic LNG 2 project, which is 60%-owned by Russia's Novatek, also is subject to Western sanctions over Russia's conflict with Ukraine. Three sanctioned vessels had previously loaded cargoes from Arctic LNG 2 this year, indicating a resumption of exports after production at the project paused in October. These vessels have not discharged their cargoes and are currently in Russian waters. Companies can face fines or penalties for doing business or trade with sanctioned entities.

The registered owner for the Christophe De Margerie is listed as Zelitiko Shipping, while its commercial manager is Gas Carriers, according to shipping database Equasis. Both the entities have the same registered address in Dubai, United Arab Emirates. Arctic LNG 2 was set to become one of Russia's largest LNG plants, with output of 19.8 million tonnes per year. But its prospects have been clouded by sanctions and it has struggled to sell LNG. Last year, the plant loaded eight cargoes onto sanctioned LNG vessels, according to Kpler data, with some vessels unloading at two storage facilities.

### **Exxon will explore large deep-water area off Trinidad and Tobago**

(Associated Press; Aug. 12) - ExxonMobil signed a deal on Aug. 13 to explore a vast area near Trinidad and Tobago for oil and gas, even as the twin-island nation faces pressure to focus more on green energy deals. The search will take place off Trinidad's east coast, in a region that spans more than 2,700 square miles and is more than 6,500 feet deep, according to government officials.

There are "no guarantees of success," John Ardill, ExxonMobil's vice president of global exploration, cautioned during the signing ceremony. "But many of the largest discoveries and developments in the world are occurring in deep-water environments



similar to what you have here.” Ardill said ExxonMobil is committed to starting a geophysical survey in the next six months to collect data needed to identify prospects for oil and gas, after which, it will begin drilling for testing.

Using nearby Guyana as an example, Ardill said it took the country less than five years to start producing oil after the initial discovery. He noted that 10 years after that discovery, Guyana is currently producing around 650,000 barrels of oil per day. “We see great potential to replicate the Guyana success here,” Ardill told the audience in Trinidad. ExxonMobil first began operations in the twin-island republic in February 1998, but left in 2003 after its exploration efforts were unsuccessful.