Oil and Gas News Briefs
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Low prices push U.S. shale producers to cut back spending

(Financial Times; London; Aug. 14) – U.S. shale producers are idling drilling rigs and holding back spending as they shelter from an OPEC-induced price slump that is likely to send U.S. output sharply lower. The number of crews fracking shale oil and gas wells — a barometer of the industry's activity — hit a four-year low last week, and producers have wiped about $1.8 billion from capital spending plans over the past two quarters.

This week the federal Energy Information Administration predicted that U.S. oil output would fall next year, as it forecasts that crude prices could drop to just $47.77 a barrel, almost $20 below shale drillers' average break-even price. Shale executives said they are in a new "price war" with Saudi Arabia, Russia and other OPEC+ members — and it would imperil President Donald Trump's call for America to pump more crude.

"What the administration doesn't quite understand is that we've gone from drill, baby, drill to wait, baby, wait," Kirk Edwards, CEO of Latigo Petroleum in Odessa, Texas, said. "We are not going to be putting any more rigs out until prices get back and stabilize in the $75 range ahead. You will see U.S. production start to drop in the fall and into 2026." Soaring shale output over the past 20 years made the U.S. the world's biggest oil and gas producer. But its high cost of production has left it vulnerable to price swings.

Scott Sheffield, who ran Pioneer Natural Resources, now part of ExxonMobil, said OPEC was forcing a reckoning. "The best way (for OPEC) to gain market share is to keep oil prices in the $60s range for several years. This will reduce investment in U.S. shale, Canada, Brazil and oil exploration around the world. … It will force consolidation."

Algeria close to shale gas deal with Exxon and Chevron

(Bloomberg; Aug. 15) - Algeria is close to finalizing a deal with ExxonMobil and Chevron to tap the North African nation's vast gas reserves, including shale, for the first time, a senior official said. "The technical aspects have more or less been agreed upon, but the commercial alignment is still under negotiation and will soon be finalized," Samir Bekhti, the chairman of Algeria's energy regulator Alnaft said in an interview. Attracting the two U.S. giants "sends a strong signal," he said.

Algeria is betting big on shale as it looks to shore up state revenue in a country where hydrocarbons account for more than three-quarters of exports. Attempts to diversify the economy have been limited, and rising energy consumption from a 47 million-strong population is making new investment crucial. The country's existing gas infrastructure and location on Europe's doorstep are major attractions for foreign companies, but Algeria needs to overcome cost concerns arising from drilling deep in the southern desert while, if successful, offers the prospect of fat returns.

The OPEC member has the world's third-largest recoverable shale resources, behind China and Argentina, and ahead of the U.S., according to the U.S. Energy Information Administration. The country has three pipeline connections to Europe, giving it an advantage over more distant suppliers such as Qatar that send liquefied natural gas via ships. Algeria wants to replicate the success U.S. companies have had with shale at home, which turned the U.S. from a net importer to the world's largest LNG exporter.

U.S. LNG exports up 22% over same period last year

(Reuters; Aug. 14) - U.S. exports of liquefied natural gas have scaled new highs so far this year, rising by over 20% from the same months in 2024 to cement the U.S. as the world's largest supplier. Domestic demand for U.S. gas has also climbed to record highs among commercial and industrial users, which has helped lift total U.S. consumption by the largest gas users by 5% from the year before to new all-time highs.

Gas prices for all major consumers have increased notably from 2024 but are still holding below previous records scaled around 2022-2023. Over the first eight months of 2025, total U.S. LNG exports climbed by 22% or by 12.4 million tons from the same months in 2024 to a record 69 million tons, according to commodities intelligence firm Kpler. Europe accounted for over two-thirds of U.S. export volumes, followed by Asia.

Europe has accounted for over half of U.S. LNG exports since 2022, when Russia's invasion of Ukraine triggered sanctions on Moscow and disrupted commodities flows to Europe. Declines in European wind and hydro power this year have helped underpin gas use, while several European nations increased imports of U.S. LNG in an attempt to reduce trade deficits with the U.S. once President Donald Trump returned to office.

Meanwhile, most major U.S. gas consumers have faced steep price climbs in 2025. Electric power generators — the largest single consumers at 31% of total U.S. gas use — saw prices rise by 52% during January to May compared to 2024. Industrial users faced a 32% price rise, while residential users and commercial users saw prices climb by 6% and 8%, respectively, compared to 2024. The overall average price across all major U.S. gas consumers was 27% higher, at around $8.81 per thousand cubic feet.

U.S. grid watchdog says new data centers need own power supply

(Bloomberg; Aug. 14) - Data centers looking to connect to the largest U.S. grid must bring their power supply, the system's independent watchdog said. The warning escalates the watchdog's position from just a month ago when it said the grid operated by PJM Interconnection, running across 13 states from Virginia to Illinois, has no spare supply for new data centers and suggested developers build their own power plants.

In its quarterly report on Aug. 14, watchdog Monitoring Analytics said it "recommends that large data centers be required to bring their own generation." The grid is home to the highest concentration of data centers whose soaring power demand has strained aging infrastructure, driven up costs for consumers and become a political flashpoint. "The current supply of capacity in PJM is not adequate to meet the demand from large data center loads and will not be adequate in the foreseeable future," the report said.

"There is still time to address the issue but failure to do so will result in very high costs for other PJM customers," the report said. PJM said in a statement it's working with all of its stakeholders, including the market monitor, to address the supply-and-demand imbalance, which it said was primarily driven by unprecedented growth in electricity use.

University researchers look to push more oil out of shale rock

(Penn State University; Aug. 14) - Oil produced from shale reservoirs drove record crude output in the U.S. over the past decade, but inefficiencies in extraction often leave as much as 90% of the oil behind, according to the federal Energy Information Administration. To help maximize production from the tightly packed formations of shale rock, a team of researchers at Penn State University developed a new oil extraction workflow that may improve shale oil recovery up to an additional 15% while providing long-term storage for carbon dioxide emissions.

The workflow was successfully implemented for the Texas Eagle Ford Shale, where it demonstrated improvement in oil extraction, the researchers said. They reported their findings in the journal Fuel. The innovation centers on improving cyclic CO2 injection, a process in which CO2 is pumped into the reservoir to enhance oil production. Also known as "CO2 huff-n-puff," the decades-old injection method bolsters extraction from rock formations. These rocks contain microscopic pores, called nanopores, where significant portions of hydrocarbons — the main component of oil — accumulate.

During injection, CO2 is fed into the reservoir through a well. Then the well is shut to allow the injected gas to soak. The gas mixes with the oil, altering its properties and improving oil mobility and extraction, according to the researchers. By introducing CO2 at different pressures, the injection process helps force more hydrocarbons out of nanopores and to the surface. But the method's effectiveness varies widely with changing operational conditions, depths and oil types, the researchers noted.

Oil prices in the months ahead will test OPEC+ resolve

(Bloomberg commentary; Aug. 15) - The impact of this year's dramatic OPEC+ policy reversal is now becoming clear. Reports by two of the oil industry's bedrock institutions illustrate the effects of the cartel's move — finalized this month — to fast-track the revival of halted production. The International Energy Agency almost tripled the size of the global surplus it anticipates this year after Saudi Arabia and partners started opening the taps in April. That forecast is now at just under 1.8 million barrels a day.

For next year, the IEA anticipates a record glut of nearly 3 million barrels a day. The IEA's American counterpart, the U.S. Energy Information Administration, boosted estimates for the supply surplus from October through March by two-thirds in its latest monthly update. The adjustment has primarily come about on the supply side of the ledger and, for that, the Organization of the Petroleum Exporting Countries and its partners are chiefly responsible.

The group will hail it as a success: OPEC+ managed the addition of 2.5 million barrels a day at the same time analysts said it wouldn't be able to add any oil without triggering a massive price crash. Oil bulls could argue that predictions of coming gluts have proved unfounded before. Prices will continue finding a floor, they'll contend, as long as China is ready to scoop up bargain barrels to fill its capacious reserves. Nonetheless, the months ahead are set to test OPEC's resolve. If, as officials say, the Saudis are committed to recouping market share, then they'll be willing to ride out the price storm.

Markets wait for any impacts to Russia's commodities exports

(Reuters commentary; Aug. 15) - The talks in Alaska on Aug. 15 between U.S. President Donald Trump and Russian President Vladimir Putin mark the potential beginnings of a return of Russia — and its commodities — to the global arena following Moscow's recent international isolation. Prior to its invasion of Ukraine in 2022, Russia was a leading exporter of crude oil, natural gas, coal, aluminum, nickel, steel, wheat and fertilizers, among other commodities, and the top supplier of energy products to Europe.

Since 2022, the sanctions imposed on Moscow by Western nations have sparked a major disruption to those commodity flows, with Russia's pipeline gas exports falling by half and its oil shipments undergoing lengthy diversions to new markets, particularly China and India. Gas has arguably been the most impacted by the fallout. Russia is the world's second-largest gas producer and exporter, but endured heavy cuts to outbound volumes after sanctions by Europe and the U.S. in 2022.

Many European nations — including key economy Germany — had previously secured a majority of their gas from Russia, but pared those imports to punish Moscow. Russia's exported gas volumes via pipeline dropped by 38% in 2022 from the previous year and again by 30% in 2023 from 2022's total as European buyers switched to imported LNG and other fuels to replace lost gas supplies. Any further deterioration in relations with Moscow following the Alaska talks could serve to keep Russia's copious commodities out of reach for many buyers, which would tighten global markets as a result.

Sanctioned LNG carriers loaded with Russian gas head toward Asia

(Bloomberg; Aug. 17) - Several liquefied natural gas tankers are heading to Asia from a Russian export facility sanctioned by the U.S., potentially testing Washington's resolve to crack down on the trade amid high-level talks over the war in Ukraine. The Iris and Voskhod vessels, which are carrying shipments from the Arctic LNG 2 plant in Siberia, began traveling to North Asia via the Northern Sea Route on Aug. 15 after being idled for weeks, according to ship-tracking data compiled by Bloomberg. Two other tankers that recently loaded at the plant also started heading toward Asia last week.

Arctic LNG 2, led by Novatek, is instrumental to Russia's plans to triple the country's LNG exports by 2030 — and tap new gas markets after a sharp drop in pipeline gas sales to major traditional buyers in Europe. The U.S. has held back on further tightening measures against buyers of Russian energy exports including China as it seeks to broker a ceasefire agreement in Ukraine. The four LNG tankers now heading toward Asia are subject to U.S. sanctions as part of a broader goal to curb Russia's oil and gas revenues. Companies can face penalties for doing business with sanctioned entities.

Arctic LNG 2 produced eight cargoes last summer but was forced to shut in October as it failed to find buyers and as ice started its seasonal build-up around the facility. The plant, initially sanctioned by the Biden administration, resumed loading in June but no cargoes have docked at an import facility yet. It isn't clear if the four vessels currently heading toward Asia will find buyers. About a dozen ships, including those that can navigate icy waters, have been marshaled to potentially serve Arctic LNG 2, with some changing management companies several times to help obfuscate their actual owners.

Australian LNG exporter supports set-aside for local consumption

(Brisbane Times; Australia; Aug. 15) - The largest producer of liquefied natural gas on the East Coast of Australia wants the federal government to force producers shipping gas overseas to set some aside for local use. In a submission to the government's review of the nation's gas market, Australia Pacific LNG says an export licensing and permitting regime that guarantees supply for the domestic market is the best way to tackle concerns around looming supply shortfalls and higher prices.

The proposal comes amid widespread fears of gas supply shortages in Victoria and New South Wales, which the Australian Competition and Consumer Commission warned could occur by the winter of 2028, and long-running concerns that too much gas is being shipped overseas instead of kept onshore. APLNG says a change in the government's rules would help avoid supply shortfalls. APLNG is a joint venture between Australia's Origin Energy, giant ConocoPhillips and China's Sinopec.

"All East Coast LNG producers have a role to play to support the domestic market; however, East Coast LNG producers alone cannot be the solution for the entire projected shortfall in southern gas supply," according to the APLNG submission. "Without fundamental reform that delivers equitable domestic supply obligations across all East Coast LNG producers, the existing instruments will continue to make projected future shortfalls worse by discouraging investment." While most of Queensland's gas is locked into long-term LNG export deals to buyers in Asia, the producers are also key suppliers of East Coast domestic gas.

[Australia LNG exporters start agreeing to keep more gas at home]

(The Sydney Morning Herald; Australia; Aug. 17) - Large LNG exporters face growing pressure to keep more of the fuel in Australia as more industry executives indicate they are willing to work with the government to finally establish domestic reservation rules. In a major reversal of oil and gas giants' long-running opposition to calls for an East Coast gas reserve, Shell has become the second LNG exporter to say it would support new domestic supply commitments, including rules compelling it to set aside a specified amount of gas production that cannot be sold overseas and must be delivered locally.

The move comes amid intensifying concerns from Australian governments, regulators and gas users that too much LNG is being shipped overseas from Queensland, exacerbating a supply crunch and driving up prices in the population centers of Victoria, New South Wales and South Australia as the decades-old gas fields in Bass Strait rapidly deplete. Australia has become one of the biggest global suppliers of LNG, a commodity that rakes in tens of billions of dollars of revenue a year.

Western Australia has its own gas reservation policy, requiring the LNG industry to hold back 15% of their reserves but there were never such rules imposed on Queensland exporters when their terminals were launched a decade ago. Shell, which produces LNG at its Queensland joint venture near Gladstone, has told the federal government it would now back new commitments, or reservation rules, as long as they applied equitably across the industry and were accompanied by a set of regulatory changes to remove barriers to drilling and developing new sources of gas supply.

[China's LNG imports pick up a little as prices drop]

(Bloomberg; Aug. 15) - China's liquefied natural gas buyers are boosting imports as falling prices and the need to replenish inventories end months of sluggish deliveries.

The 30-day moving average for LNG imports to China have been above the five-year average so far for August, according to ship-tracking data compiled by Bloomberg. Earlier this month, Beijing Gas purchased at least two shipments for September, while Zhejiang Energy bought a cargo, according to traders with knowledge of the matter.

This marks a reversal for China, which had cut imports for months after a mild winter left storage facilities full. At the same time, elevated international spot prices prompted importers to scale back overseas purchases and even resell cargoes into more lucrative markets abroad. Instead, gas firms relied more on cheaper domestic supply and pipeline imports. However, Asian LNG prices have been on the decline and are trading in the low-to-mid $11 per million Btu range, the lowest since April. That is a level which makes imports profitable for sales into some of China's domestic markets, traders said.

Still, the buying may taper off as Chinese firms refill inventories drained over the past few months. Besides, demand for gas hasn't significantly picked up, and the recent purchases are more to take advantage of better prices and refill stockpiles, traders said.

U.S. reportedly considered Russian icebreakers for Alaska projects

(Reuters; Aug. 15) - The United States has had internal discussions on using Russian nuclear-powered icebreaker vessels to support the development of gas and LNG projects in Alaska as one of the possible deals to aim for when President Donald Trump meets Vladimir Putin on Aug. 15, three sources familiar with the matter told Reuters. The icebreaker idea has been discussed among White House officials as one of the potential deals to try to strike with Russia at the Alaska summit, one of the sources said.

The ongoing talks between the U.S. and Russia over Ukraine have included discussions about business deals. The White House is planning to continue this approach at the summit in Alaska, said the source, who like the others spoke on condition of anonymity. Russia operates the world's only fleet of nuclear-powered icebreakers, which play a central role in maintaining year-round shipping access along Russia's Northern Sea Route, a strategic path for global energy and trade flows.

Trump has pitched Alaska LNG, a proposed $44 billion project to ship liquefied natural gas to Asian buyers, as a way to reduce their dependence on Russian LNG. Another proposed Alaska project aimed at Asian markets is Qilak LNG. The nuclear icebreakers could also facilitate the transport of construction materials and equipment to remote areas in Alaska, where infrastructure is limited and weather conditions are harsh.

Russian port operator cites sanctions in canceling icebreakers order

(The Moscow Times; Aug. 15) - Russia's state-owned port operator has canceled a contract to build two innovative icebreakers, citing construction delays, foreign component shortages and the impact of Western sanctions, the Vedomosti business daily reported. Rosmorport's 18.5-billion-ruble ($200 million) deal with the Onega Shipbuilding Plant, northeast of St. Petersburg, called for the delivery of two 311-foot auxiliary icebreakers capable of operating on both diesel and liquefied natural gas.

The vessels were to be deployed year-round in the Baltic, White and Barents seas, and in the Arctic Ocean during summer and autumn. The ships, designed by the Central Design Bureau Baltsudoproekt, would have been Russia's first of their kind — able to navigate through solid ice up to five feet thick. Delivery was originally set for 2024 at the Port of St. Petersburg but was later pushed to 2026. Work never began, however.

Sanctions imposed after Russia's invasion of Ukraine in 2022 derailed plans to subcontract the build to Turkey's Kuzey Star Shipyard and blocked the purchase of key foreign parts, including Azipod propulsion systems from the French subsidiary of ABB and diesel generators from Finland's Wärtsilä. Rosmorport canceled the contract on July 10, Vedomosti reported. It has ordered the shipyard to return an advance payment of 9.27 billion rubles ($116 million) within five business days.

Azerbaijan oil contamination drives Kazakhstan to use Russian line

(S&P Global; Aug. 13) - Kazakhstan has been diverting crude oil exports away from the Baku-Tbilisi-Ceyhan (BTC) pipeline to Russia's Caspian Pipeline Consortium (CPC) route after contamination in Azerbaijan's flagship Azeri Light crude disrupted the Mediterranean export system, according to S&P Global Commodities at Sea (CAS) data on Aug. 13 and an industry source with direct knowledge of the matter.

The contamination issue, first revealed by BP on July 24, has prompted force majeure declarations affecting shipments from Kazakhstan and Turkmenistan into the 1,110-mile pipeline. The source of the Azeri crude contamination problem remains unclear, with BP saying it is working to resolve the problem alongside its partners in Azerbaijan and Turkey. CAS data shows volumes crossing the Caspian from both countries have ground to a halt since late July, forcing Kazakhstan to rely more heavily on the CPC pipeline through southern Russia.

The temporary shift underscores the vulnerability of alternative export routes for Central Asian producers seeking to reduce dependence on Russian infrastructure. Kazakhstan had been increasing shipments through BTC as part of efforts to diversify away from Russian export infrastructure. The BTC route represents a strategic alternative amid periodic disruptions to CPC operations and tensions linked to the Russia-Ukraine war.

Lawsuits over environmental damages in Louisiana get political

(Energy Wire; Aug. 14) - The decaying legacy of oil and gas production is hard to miss in Louisiana. Old well pipes stick up out of the river. Shorelines are dotted with pilings — the skeleton of long-abandoned docks. Narrow canals trenched through the marsh to drill wells have widened into small rivers. The derelict docks and rusted equipment, some here since before World War II, can have a forgotten feel. But on land, they're top of mind in a yearslong legal battle over whether oil majors should be forced to pay billions of dollars for the damages and fund restoration of the state's disappearing coast.

The sprawling litigation — more than 40 lawsuits — is fueling a fight that reaches from courtrooms in small-town Louisiana to the steps of the U.S. Supreme Court. Behind the legal maneuvering is a unique alliance between trial lawyers, long cast as the scourge of Republicans everywhere, and Louisiana Republican politicians such as Gov. Jeff Landry, who otherwise pledge allegiance to President Donald Trump's pro-oil agenda. Together, they threaten to cost the industry billions of dollars.

A big victory for that effort earlier this year — a $744 million verdict against Chevron — has triggered a backlash in Trump's push for "energy dominance." Republicans backing lawsuits against oil companies is considered a betrayal of Trump's agenda. Laura Loomer, a far-right activist and MAGA enforcer who drove the ouster of several Trump administration officials she deemed disloyal, has taken an interest. She's attacked Landry as a "perfect example of a Republican speaking out of both sides of his mouth."

Those moves have given a national profile to a pitched battle where industry supporters have been sounding the alarm for years. Marc Ehrhardt, executive director of the Grow Louisiana Coalition, calls the litigation a "shakedown" that sends the wrong message to businesses. "What we're essentially saying is, 'Come on in, invest in Louisiana, and then in about 20 years or so, we're going to sue the hell out of you,'" Ehrhardt said.

North Dakota producers defend deductions from royalty payments

(North Dakota Monitor; Aug. 15) - Millions of Americans own the rights to oil and gas underground. When they're approached by an energy company to lease out those rights, they're offered a cut of the revenue, called a royalty. "Royalties saved our place," said James Horob, a farmer in northwest North Dakota, who used oil royalties to rescue his family's farm from bankruptcy in 2008 and replace equipment that had been auctioned off. "We're lucky to have what we got."

However, the royalty that mineral owners like Horob get can depend in part on the state where they live. In North Dakota, estimates show that in recent years companies have deducted hundreds of millions of dollars annually to help cover the costs incurred once oil and gas leave the ground on their way to being sold. North Dakota officials have not stepped in to help royalty owners, even though the state, in its own leases, has explicitly prohibited oil and gas companies from taking deductions from government royalty payments since 1979, as the North Dakota Monitor and ProPublica reported this month.

“It’s tough to think that there isn’t some better solution out there than what we currently have,” said Aaron Weber, an attorney who represents mineral owners in North Dakota. Companies say they’re withholding transportation and other expenses from the checks sent to royalty owners; the owners say those “postproduction deductions,” as they are generally known, shouldn’t be permitted in most circumstances. In contrast to North Dakota, at least seven states have taken either legislative or judicial action to restrict the costs that can be deducted from royalty checks.