

Oil and Gas News Briefs

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U.S. agency forecasts oil at \$47.77 next year as oversupply builds

(Rigzone; Aug. 18) - The U.S. Energy Information Administration cut its West Texas Intermediate average spot crude oil price forecast in its latest short-term energy outlook released on Aug. 12. The EIA sees the WTI spot price averaging \$63.58 per barrel in 2025 and \$47.77 per barrel in 2026. In its previous short-term outlook, which was released in July, the EIA projected that the WTI spot price would average \$65.22 per barrel this year and \$54.82 per barrel in 2026.

“The price forecast is driven largely by more oil inventory builds following OPEC+ members’ decision to accelerate the pace of production increases,” the report said. “We now expect global oil inventory builds will average more than 2 million barrels per day in 4Q25 and 1Q26, which is 0.8 million barrels more than in last month’s report. Low oil prices in early 2026 will lead to a reduction in supply by both OPEC+ and some non-OPEC producers, which we expect will help moderate inventory builds later in 2026.”

The EIA expects “increases in well productivity will push U.S. crude oil production to an all-time high near 13.6 million barrels per day in December 2025. However, as crude oil prices fall, we expect U.S. producers will accelerate the decreases in drilling and well completion activity that have been ongoing through most of this year, and we forecast U.S. crude oil production will decline to 13.1 million barrels per day by 4Q26.”

Alberta expects multibillion-dollar budget deficit amid low oil prices

(Calgary Herald columnist; Aug. 19) - Oil prices have been “terrible” recently and Albertans need to brace for a difficult budget situation if they continue to slide, says Premier Danielle Smith. The price of benchmark U.S. West Texas Intermediate oil has dropped about 10% since late July, closing Aug. 19 below US\$62 for the October crude contract — \$6 less than the province’s expectations in its latest budget. And February’s fiscal plan already came with a projected deficit topping \$5 billion.

What’s more disconcerting is the U.S. Energy Information Administration last week forecast that WTI crude will average \$54 a barrel between October and December, and \$47.77 a barrel next year, citing increased supplies brought online by OPEC+ countries and rising global inventory levels. For the Alberta government, this year’s WTI price forecast of \$68 a barrel looks increasingly elusive, although a smaller-than-expected discount on Western Canadian Select heavy crude will help provincial royalties.

"I look at the WTI prices and the Western Canada Select prices virtually every day, and they're terrible. We were looking at the potential of a \$5 billion deficit at \$68 WTI," Smith said in an interview on Aug. 18. "People better brace themselves. If this continues and this becomes a low-price environment, we're in for a really difficult budget year this year. ... We can't predict where it's going to be. I think that there are a lot of factors that are at play, but it's really consequential for Alberta's budget deficit if these prices stay low."

Trump administration dislikes IEA forecast of peak oil use by 2030

(The New York Times; Aug. 18) - Year after year, the International Energy Agency publishes detailed data on how much energy the world uses, where that energy comes from, and what the global energy picture may look like in the future. Lately, the IEA's influential forecasts have suggested that global demand for oil and gas could peak by the end of the decade as electric-vehicle sales grow and the cost of solar panels and battery storage plummets. That has landed the agency and its boss, the outspoken Turkish economist Fatih Birol, in the cross-hairs of the Trump administration.

U.S. Energy Secretary Chris Wright, a former fracking executive, has called the IEA's projections of peak oil demand "nonsensical" and has said the United States could withdraw from the global organization if it doesn't change the way it operates. House Republicans have said the agency is publishing "politicized information to support climate policy advocacy" and have threatened to withhold U.S. funding. The U.S. provides around 14% of the agency's budget and is among its 32 member states.

"The way the IEA sees the world is not the way the Trump administration sees the world," said Michael Bradshaw at Chatham House, a London-based think tank. There's a reason for that. The U.S. is the world's biggest producer of oil and gas. The Trump administration is keen to extract more and sell more to other countries. Data that shows slowing demand for oil and gas gets in the way of that ambition, not least because the IEA reports are widely used by countries and companies to plan for the future.

Yet the agency isn't an outlier. Several forecasts, including those by BloombergNEF and oil companies BP and Equinor, also project peak oil use by around 2030, according to a comparison by Resources for the Future, a Washington-based research group. That's in part because China's once boundless appetite for oil appears to be leveling off as Chinese companies expand their offerings of cars and motorcycles that run on batteries.

Oil majors bet on growing demand for LNG; IEA sees future differently

(CNBC; Aug. 18) - Oil majors are betting big on liquefied natural gas, throwing down the gauntlet to predictions of peak gas by the end of the decade. Shell, a leading player in

the global LNG market, has identified the commodity as a primary focus amid the energy transition. France's TotalEnergies said it expects LNG volumes managed by the company to grow by 50% between 2023 and 2030, while BP, which recently doubled down on fossil fuels as part of a green strategy U-turn, has significant LNG investments.

Stateside, ExxonMobil is seeking to double its LNG portfolio by 2030 and Chevron has been expanding existing LNG projects and developing new ones. Big Oil's LNG push comes as the industry seeks to capitalize on growing global demand and as players look to diversify portfolios. Energy analysts, however, have raised some concerns.

The strong LNG demand forecast jars with expectations from the International Energy Agency. The leading global energy watchdog said recently that demand is expected to pick up next year, following a slowdown in 2025, as more supply comes to market. Yet the IEA still expects gas demand to plateau, or peak, by 2030. As clean-energy sources rapidly gain prominence, the agency has warned that "something has to give" in the LNG market. Critics, meanwhile, argue that LNG can't be considered a viable "bridge fuel" due to concerns over its environmental impact, particularly methane leaks.

South Korea using more nuclear to reduce reliance on coal, LNG

(Reuters; Aug. 18) - South Korea's nuclear power output is racing ahead of official targets due to fewer maintenance outages, a new plant coming online and reactors running at full tilt, helping to rein in generation costs and pushing down coal use. Generation from nuclear plants grew 8.7% year-over-year in the six months through June — three times official plans for 2.9% annual growth — while coal-fired output plunged 16%, data from state-run utility Korea Electric Power showed.

"The basic principle of generator operation in the power market is minimization of generation costs. Nuclear power generally has lower fuel costs than other generation sources such as coal and liquefied natural gas," a Korea Power Exchange (KPX) spokesperson said in a statement to Reuters. "If nuclear and renewable facilities continue to be additionally expanded in the future, generation from gas and coal is likely to continue to decrease," the spokesperson said.

A 29% annual decline in maintenance outage times and a 6% increase in installed nuclear capacity in the first half of 2025 also boosted output, KPX said. South Korea is Asia's No. 2 nuclear power generator after China. It is ramping up nuclear generation as policy resistance to the technology is waning. The country of 51 million people operates 26 nuclear reactors with 26.05 gigawatts of capacity and is building four more, including two units totaling 2.8 GW expected online in 2026. Other countries are doing the same: Japan is restarting idled plants, and new reactors are beginning operations in India.

Market reforms in China pressure already weakening demand for LNG

(Bloomberg; Aug. 18) - China's tepid imports of liquefied natural gas face further pressure after market reforms in the southern province of Guangdong that could cut demand for the fuel by power plants. The world's biggest LNG buyer has already seen imports plunge 19% over the first seven months of the year, including a 6.7% drop in July, as industrial demand remained weak and traders rerouted cargoes to markets willing to pay higher prices. Reduced consumption from electricity generators in Guangdong would only compound those woes.

The powerhouse province, which has an economy bigger than South Korea, said last month it would hike payments for gas-fired plants to remain on standby, while reducing subsidies for actually burning the fuel. The move is in line with China's broader policy of shifting fossil fuels to a backup source of power that kicks in when wind and solar cut out. At current price levels, the higher backup payments and loss of subsidies basically even out when it comes to power plant finances, according to BloombergNEF. But they could alter generators' behavior, making them less willing to fire up their turbines.

"The moves could reduce utilization hours for gas-fired generation, further clouding China's already sluggish outlook for LNG demand," BNEF said in a report last week. For all of China's heft in the global market, LNG still plays a relatively minor role in its power sector because it's more expensive than coal or renewables. It accounted for just 3.3% of total generation last year, according to BNEF. Still, the nation's thirst for electricity is such that it produced more gas-fired power than any country bar the U.S. and Russia.

And nowhere in China is gas bigger than Guangdong, which generated more power from the fuel than the next four biggest regions combined, according to a BNEF analysis of data. Moreover, its coastal location means that seaborne LNG is at less of a price disadvantage compared to the gas piped overland from domestic or foreign fields.

Boom times for gas projects in Texas and Louisiana

(RBN Energy; Aug. 14) - Odds are there's never been a busier time for gas-related infrastructure development in Texas and Louisiana than now. Construction is underway or imminent at no fewer than seven Gulf Coast liquefied natural gas export terminals with a combined gas-handling capacity of 16 billion cubic feet per day. Big-tech firms and midstreamers are touting the potential for more gas-fired power demand for data centers in the two states. And developers are advancing a slew of inter- and intrastate pipelines to bring Permian, Haynesville and other shale gas to where it will be needed.

Texas and Louisiana already are crisscrossed by tens of thousands of miles of gas pipelines large, medium and small. But those extraordinary networks aren't enough for what will be needed over the next five years. The Shale Revolution, the world's push

toward lower-carbon sources of energy and Russia's war on Ukraine, among other things, have combined to make fast-rising U.S. LNG exports a global necessity.

Feed gas flows to Gulf Coast LNG export terminals have recently topped 15 bcf per day, and those volumes will roughly double over the next six to seven years as expansions at existing facilities and new terminals are brought online. In addition, the two states also have become hotbeds for the development of large-scale data centers. Each of these will require at least several hundred megawatts of around-the-clock power, with new gas-fired power plants being the most logical (and quickest) way to meet that need.

U.S. growth in gas-fired power generation could drive up LNG prices

(Reuters columnist; Aug. 20) - U.S. power firms are building out the most gas-fired power generation capacity globally, which will cement the country's position as by far the world's largest natural gas consumer and gas-fired power producer. But the growing reliance on gas for domestic power generation also stands to stoke tensions with the fast-growing liquefied natural gas export sector, which is banking on access to abundant and cheap natural gas to drive further expansion.

However, growing competition for U.S. natural gas by power firms and LNG exporters could also drive up prices, which may thwart efforts to reduce power bills for homes and businesses and undermine the competitiveness of U.S. LNG on world markets. The U.S. accounts for roughly a quarter of global gas production, use and exports, and around 27% of worldwide electricity generation from gas-fired power plants, data from the Energy Institute and energy think tank Ember show.

The roughly 570,000 megawatts of gas capacity currently deployed in the U.S. vastly exceeds that of all other countries, including the 166,000 MW in second-place China and 113,000 MW in third-place Russia. And the U.S. regains the top spot in terms of gas capacity in pre-construction, which is where power plant sites are identified and permits are being secured ahead of actual construction. That pre-construction total is more than six times larger than it was one year ago. For LNG exporters, this means there will be heightened competition for supplies within the U.S. and potentially higher gas prices.

U.S. LNG project developers gain momentum in marketplace

(Argus; Aug. 20) – U.S. liquefied natural gas projects on the cusp of final investment decisions have regained commercial momentum following the end of former president Joe Biden's pause on the granting of new export licenses. This year's U.S. LNG agreements have already eclipsed 2024's total, with the majority being signed with Asian buyers. U.S. project developers so far this year have signed binding agreements

covering 15.95 million tonnes per year of LNG, up from 10.5 million tonnes in all of last year — excluding non-binding agreements and volumes set aside for equity stakes.

And sellers are confident in reaching even more deals. Venture Global is optimistic it will sign more 20-year contracts this year ahead of a planned FID on the second phase of its 28-million-tonne-per-year CP2 plant in Louisiana in 2026, having reached an FID on the first phase in late July, CEO Mike Sabel told investors on Aug. 13. Customers for other projects hold at least 6.5 million tonnes per year of supply under initial agreements that could be finalized with projects aiming to reach an FID by the end of this year.

Japanese firms alone have signed up for 6.5 million tonnes per year, driven mostly by the need to secure new supplies to replace expiring contracts. Given the uncertainty over nuclear power's growing role in Japan's future power mix and the evolution of demand, U.S. LNG's flexibility may be particularly attractive. Qatari LNG deals are typically destination-restricted, but U.S. LNG is sold on a destination-flexible basis, meaning customers can sell excess cargoes on the spot market.

Pakistan doesn't need so much LNG; wants to renegotiate with Qatar

(The Express Tribune; Pakistan; Aug. 20) - Pakistan on Aug. 19 decided to seek renegotiation of its liquefied natural gas import deal with Qatar after its industries slowed down and power demand slumped, resulting in over 50 surplus cargoes during the next one and half years alone. The LNG supply deal, which will expire in 2031, has left Pakistan's policymakers with two options — either constrain local gas production and divert expensive surplus LNG to subsidized residential use, or renegotiate the deal.

The Economic Coordination Committee of the cabinet has allowed the Petroleum Division to engage with Qatar to renegotiate import volumes to minimize diversion of costly imported gas to residential consumers and import only what is required, according to the people who attended the closed-door ECC meeting. Based on the official assessment, there will be at least 51 surplus cargoes worth \$1.2 billion to \$1.5 billion from July 2025 to December 2026, according to the sources.

The sources said the government has three options. Pakistan may ask Qatar to reduce the number of monthly cargoes to around six or seven from the existing nine. The second option is to seek an extension in the contract to postpone the delivery of the surplus cargoes beyond the original end date of 2031. The sources said the third option is to pay damages under the contract, which allows Qatar to sell gas to a third-party and claim losses from Pakistan if the price of selling the gas is lower than the contract price.

China steps up imports of Russian Urals crude while India cuts back

(Bloomberg; Aug. 18) - Oil refiners in China have stepped up purchases of Russia's flagship crude oil, seizing an opportunity to take discounted cargoes relinquished by India as Washington ramps up trade tariffs against New Delhi. While China is the largest importer of Russian oil, it tends to take deliveries from the nation's Far East. Yet so far in August, shipments of Urals — which loads from Baltic and Black Sea ports — were almost 75,000 barrels a day, almost twice the year-to-date average, according to Kpler.

In contrast, exports to India sunk to no more than 400,000 barrels a day this month, compared with the average of 1.18 million. "Generally, Chinese refineries are in a comfortable position to keep taking Russian oil for now, in contrast to Indian refiners," said Jianan Sun, an analyst at Energy Aspects. Urals — which ships from Russia's west — remains competitive against alternative grades from the Middle East, Sun said.

The oil market is focused on shifts in global flows as U.S. President Donald Trump steps up a diplomatic push to broker an end to the war in Ukraine. As part of that drive, Washington has doubled a levy on Indian imports to punish the nation for buying Russian crude, although it hasn't followed through with a comparable measure against China amid a trade truce with Beijing. The two nations are the top buyers of Russian oil.

Brazil's producers may gain from India's quest to replace Russian oil

(S&P Global; Aug. 18) – Sky-high U.S. tariffs are prompting India and Brazil to explore opportunities to boost oil trade, as New Delhi looks for alternatives to Russian oil and while Brazil scouts for newer markets for its growing crude output, analysts and refining sources said. Russian oil flows to India continue, but Indian refiners are preparing for the worst by continuing to diversify their sources, a move that could lead to Brazilian crude flows to India.

While freight, arbitrage opportunities and availability of spare cargoes would determine the viability of Brazilian crude for India's refiners, analysts and refining sources said growing diplomatic efforts between India and Brazil would yield positive results. "Brazilian crude exports to India will be closely watched in the coming months, particularly as both countries navigate the impact of U.S. tariffs related to Russian oil," said Benjamin Tang, head of liquid bulk at S&P Global Commodities at Sea (CAS).

Crude inflows to India from Brazil posted the sharpest growth in the six-month period, rising about 75% year over year to 72,000 barrels per day from 41,000, CAS data showed. Indian Oil Corp. and Reliance Industries have been the primary buyers of Brazilian crude. Both Prime Minister Narendra Modi and Petroleum Minister Hardeep Singh Puri recently visited Brazil to discuss how India can increase crude oil imports from the South American country and explore opportunities for collaboration on offshore deep and ultra-deepwater exploration and production projects.

India's refiners resume buying discounted Russian crude oil

(Bloomberg; Aug. 20) - India's state-run refiners have returned to buying Russian oil after a brief pause, despite the South Asian nation facing higher tariffs for the trade and a volley of criticism from Trump officials. Processors including Indian Oil and Bharat Petroleum bought some cargoes of Russian Urals over the past two days, said traders familiar with the matter who asked not to be identified because they're not authorized to speak publicly. Shipments are for loading in September and October, they added.

Earlier this month, state refiners paused buying Urals crude after President Donald Trump singled out India's role in the Russian oil trade, threatening economic penalties. New Delhi asked refiners in late July to draw up plans to pivot away from Russia in the scenario where flows were stopped. Meanwhile, Indian Prime Minister Narendra Modi welcomed improved ties with China as U.S. Treasury Secretary Scott Bessent escalated criticism of the South Asian nation over its purchases of Russian oil.

White House Trade Adviser Peter Navarro wrote in a Financial Times column this week that the surge in Russian imports was driven by "profiteering by India's Big Oil lobby" and not domestic needs. Meanwhile, the discount for Urals — Russia's flagship crude that's shipped from its western ports — has deepened to \$2.50 a barrel to Dated Brent, up from \$1 in July, according to traders. That's likely provided added incentive for India's oil refiners to return to buying the grade.

Russia expects India will continue buying its oil at 5% discount

(Bloomberg; Aug. 20) - Russia expects India to continue buying its oil, a senior official said, even as the South Asian nation faces higher U.S. tariffs and harsh criticism from Trump administration officials for the trade. India's imports of Russian crude are likely to stay at current levels, Evgeny Griva, the deputy trade representative of Russia in India, told reporters in New Delhi on Aug. 20.

The remarks come amid rising tariff tensions between the U.S. and India. President Donald Trump has imposed a 25% tariff on Indian goods and threatened to double it to 50% on Aug. 27 — a rate that would make India's \$85 billion in annual U.S. exports uncompetitive. Half of that penalty is for New Delhi's purchases of Russian oil, which the U.S. sees as helping fund Russian President Vladimir Putin's war on Ukraine. India has defended its right to buy from the cheapest source, calling tariffs "unreasonable."

Russia sells oil to India at about a 5% discount, leaving Asia's third-largest economy with few alternatives, Griva said. For India, the advantage of Russian oil is that it is a key tool for keeping domestic inflation in check. India has edged away from the U.S. in the face of tariff threats. Prime Minister Narendra Modi hailed Putin as a "friend" after a call with the Russian leader this week and New Delhi has moved to bolster relations

with China. Modi is set to visit China in late August — his first trip to the country in seven years — to meet President Xi Jinping.

Trump's efforts in Ukraine unlikely to affect oil and gas markets

(Reuters commentary; Aug. 19) - President Donald Trump's efforts to resolve the war in Ukraine are unlikely to jolt oil and gas markets, no matter the outcome. Russia has faced multiple rounds of Western sanctions since its invasion of Ukraine in 2022, which have dealt severe blows to its giant oil and gas industry, sapping Moscow of revenue and reshaping global energy markets. Russian gas now accounts for just 18% of European imports, down from 45% in 2021, while the bloc's oil imports from Russia have fallen to 3% from 30%. The European Union plans to fully phase out Russian energy by 2027.

Meanwhile, India has increased its share of Russian crude to 38% of total imports from 16% in 2021, according to Kpler. China and Turkey have also notably ramped up their Russian oil purchases. The war in Ukraine has left over a million dead or wounded, so its conclusion would be welcomed by many. Energy markets, however, are not apt to register much of a reaction unless there is a full ceasefire along with the lifting of all U.S. and European sanctions. And that is long shot.

Trump might pressure Ukraine into accepting a temporary or partial halt in fighting. But even then, Europe is unlikely to resume Russian energy imports while Putin remains in power. Perhaps the more likely scenario — Trump failing to broker a deal — also shouldn't have a major impact on energy markets. The U.S. could tighten sanctions, particularly by targeting buyers of Russian energy, as Trump has threatened. Ultimately, China matters far more in this story, and it's unlikely to significantly curb its Russian oil imports, not least because it considers its relationship with Moscow to be strategic.

Abu Dhabi-led bidders delay making formal offer for Santos

(Reuters; Aug. 19) - Santos said on Aug. 19 that the Abu Dhabi National Oil Co. (ADNOC)-led consortium will not be able to finalize its A\$18.7 billion bid for the Australian gas producer for at least a month, well past the exclusive due diligence deadline. Shares in Santos, Australia's second-largest independent gas producer, fell as much as 3.5% to a more than five-week low of A\$7.68 as investors questioned whether the delay could kill the deal. "The market is telling you there's increased risk and uncertainty," said James Hood, Regal Funds Management's senior energy analyst.

Santos' shares have traded well below the proposed offer of A\$8.89 from the consortium led by ADNOC's international investment arm, which analysts have attributed to skepticism the transaction will proceed. Exclusive talks between Santos

and the consortium, which includes Abu Dhabi Development Holding Co. and private-equity firm Carlyle, were due to finish last week. But the consortium told Santos it would need at least four more weeks to secure required approvals for its bid to be formalized.

"This was never going to be an easy transaction to pull off with the confluence of domestic energy security and national interest considerations as well as the multitude of hard to please stakeholders involved," said Kaushal Ramesh, vice president, gas and LNG research at Rystad Energy. The deal requires approval from regulators in Australia, Papua New Guinea and the U.S., as Santos holds assets in each of those jurisdictions.

Abu Dhabi National Oil Co. bid for Australia's Santos draws criticism

(Australian Broadcasting Corp. commentary, Aug. 17) - The gloves are off. The battle for control of oil and gas giant Santos moved up a gear this week after Ryan Stokes, chairman of Beach Energy and son of billionaire Kerry, took a swipe at the Abu Dhabi government's bid for a large slice of Australia's energy market. Beach is not neutral — it is in a joint venture with Santos on a carbon-capture project. A clearly incensed Stokes delivered a blunt assessment of the Middle Eastern gas giant's \$18.7 billion takeover offer, suggesting it could end up denying Australians access to their own energy source.

There's a great deal riding on the contentious proposal — politically, personally and economically for Australia. "A question we'd have is: 'Is that right in the national interest, given the importance of domestic gas?'" Stokes asked. He didn't have to wait long for a response. The Abu Dhabi National Oil Co. (ADNOC) quickly dismissed the criticisms as "clearly opportunistic and (reflecting) a commercial interest in the outcome."

Had the Australian government announced plans to purchase Santos, there undoubtedly would have been furious debate over the nationalization of a vitally important commercial operation. Instead, a foreign government with potentially shifting global allegiances and a track record of dubious activities across Africa and Asia has stumped up a stupendous amount of cash for the same crucial energy infrastructure with nary a hint of community or political questioning. Santos, for decades a chronic investment underperformer, has been offered a price that far exceeds its value.

According to one financier who requested anonymity, the United Arab Emirates-based investor has suddenly decided it needs to be a global entity and is executing that strategy regardless of price. "So ADNOC is willing to deal on non-commercial terms."

Ohio Supreme Court denies appeal of gas pipeline's taxable value

(Pipeline & Gas Journal; Aug. 16) - The Ohio Supreme Court has upheld a \$3.67 billion property tax assessment on the Rover natural gas pipeline, underscoring how

regulatory and legal rulings can significantly impact large midstream infrastructure, according to Court News Ohio. The 700-mile pipeline, which cost \$6.3 billion to build and moves gas from eastern Ohio to markets across the U.S. and Canada, was valued at \$3.67 billion for the 2019 tax year. Rover argued the value should be closer to \$1.79 billion, but the Ohio Board of Tax Appeals found the state's appraisal more credible.

Justice Patrick F. Fischer, writing for a unanimous court, called the case a "battle of appraisals," according to Court News Ohio. The ruling affirmed the appeals court's broad discretion in weighing expert testimony and adopting valuations it deems most reliable. The state tax commissioner's evidence supported the \$3.67 billion valuation. Rover's expert, Robert Reilly, pegged the value at less than half that figure. The board pointed to Blackstone's \$1.51 billion purchase of a one-third ownership stake in Rover in 2017 as further evidence that the pipeline's taxable value far exceeded Rover's claim.

In affirming the decision, the Ohio Supreme Court noted that "analytical perfection" is not required in complex appraisals and that Rover had not shown that the appeals board acted unlawfully or unreasonably, according to Court News Ohio.