Oil and Gas News Briefs
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Japan talks of Alaska LNG to 'give some sugars' to Trump

(Financial Times; London; Aug. 4) – President Donald Trump's trade deal with Japan turned heads when he announced — in addition to tariffs and investment pledges — that the allies would enter into a natural gas joint venture in Alaska. The claim seemed to mark the resurrection of a long-standing ambition for a liquefied natural gas project at the end of an 800-mile pipeline across the state, which the developer has said will cost under $11 billion. Analysts have estimated the total project could cost over $60 billion.

Washington has sought to press Japan and South Korea to back the Alaska project by bundling it with tariff negotiations. But the Trump administration has struggled to persuade skeptical Asian partners to come on board, and officials, experts and energy industry executives have cast doubts on its financial feasibility. Rapidan Energy Group, a Washington-based consultancy, described the project in June as a speculative investment in which "politics overrides commercial logic."

No Asian companies have made equity investments in the project, while Japanese and South Korean buyers are yet to sign even nonbinding letters of intent to purchase Alaska LNG, despite trade deals with Tokyo and Seoul. Ryosuke Tsugaru, chief low-carbon fuel officer at JERA, the world's largest liquefied natural gas buyer, said Japanese officials had asked the energy group to consider the Alaska LNG project in a "fair, reasonable manner" because they wanted to give "some sugars" to Trump.

Speaking on condition of anonymity, a South Korean official said Seoul also harbored "big doubts about the project's economic feasibility," particularly the pipeline construction, though some individual Korean companies were keen to be involved as construction partners. "The U.S. is not providing the information we need about the costs," the official said, adding that South Korean gas buyers would "absolutely not" have considered investing in the project were it not for U.S. pressure.

Many analysts remain skeptical Alaska LNG will be built. According to Rapidan, the second phase of the project — a gas treatment plant with carbon dioxide removal, an LNG export facility and associated pipelines — could push the total cost to $60 billion. Rapidan believes the long pipeline is at risk of overruns and environmental challenges.

Japan's JERA wants to sign long-term LNG deal with Qatar in 2026

(S&P Global; Aug. 4) - Japan's JERA sees Qatar as a potential "base" liquefied natural gas supply source into the 2030s due to its "absolutely stable supply" capability, as the largest Japanese power generation company aims to "revive" a long-term LNG contract by signing a deal by the end of March 2026, its chief low-carbon fuel officer told Platts, part of S&P Global Commodity Insights.

The move by JERA, the world's largest LNG buyer, comes as it intends to focus as a "top priority" on a potential long-term contract with Qatar, Ryosuke Tsugaru, who is also a senior managing executive officer, said in an interview at company headquarters in Tokyo on Aug. 1. JERA's latest move follows securing up to 5.5 million tonnes per year of LNG from four U.S. Gulf Coast export developers, bringing the share of U.S. LNG in its long-term supply portfolio to about 30% from the current level of 10%.

"Since the bulk of LNG from the (U.S.) Gulf Coast has been secured, I hope to proceed with negotiations with Qatar as a top priority moving forward, honestly speaking," said Tsugaru. "I personally believe that the absence of a long-term contract with Qatar in JERA's overall portfolio of 30 million tonnes per year is a significant issue since I joined the company." JERA, a 50-50 joint venture between Tokyo Electric and Chubu Electric, currently buys 700,000 tonnes per year of LNG from the Qatargas 3 project under a contract that will expire in 2028, after letting its Qatargas 1 contract expire in 2021.

Trade deal pledges to buy U.S. LNG add up to more than is available

(Bloomberg; Aug. 5) - Countries are cutting trade deals with President Donald Trump by pledging to buy more American energy, and it's likely most of these additional purchases will be of liquefied natural gas. If those promises turn into contracts, the U.S. — already the world's biggest LNG exporter — will need to drastically ramp up shipments. But here's the thing: Most LNG is tied up in long-term contracts. That means there's not a lot of spare supply to be redirected to new buyers.

Yes, some cargoes can be flipped to take advantage of better prices in different regions, but that only goes so far, making pledges to buy that much energy in just three years or so tough to meet. One potential scenario is a new wave of extended contracts: Think 20-year agreements for millions of tons of LNG, mostly from plants that won't even start producing until later this decade or into the 2030s.

Much of the export capacity under construction is already spoken for, any new demand will have to be met by projects still on the drawing board. That could mean committing to buy more than 120 million tons of LNG over 20 years. For context, that would require the U.S. to roughly triple its exports — not just double, as current plans anticipate by decade's end. Of course, all this hinges on whether buyers actually follow through, and Trump may not bother checking if anyone holds up their end of the bargain.

U.S. ‘new era of gas’ has some growing pains

(Energy Wire; Aug. 5) - The United States’ vast stores of natural gas have become President Donald Trump’s go-to solution for many of the big problems he’s facing. Trade deficit? Tell other countries to buy natural gas. Looming power shortages for data centers? Just use gas. “We do seem to be moving into a new era of gas,” said Barry Rabe, a professor emeritus of environmental policy at the University of Michigan.

Rabe said Trump seems to want gas to be the dominant domestic power source and make the U.S. a dominant provider of gas exports. But, he said, “that seems like a pretty tall order.” Industry analysts say that Trump’s grand plans for the fuel could jeopardize a number of his priorities — starting with keeping energy prices low. Trump pledged on the campaign trail last year to cut energy costs in half within 18 months.

The U.S. has plenty of gas in the ground, analysts note, but it lacks the pipelines and infrastructure needed to serve the data centers Trump is promoting and the export deals he’s announcing. Tariffs risk raising the price of steel and other ingredients to the point that developers can’t make money building the infrastructure. And he faces a challenge from capitalism. He can offer incentives but he can’t require companies to sell the volumes of gas he wants and can’t force private companies in most countries to buy it.

The effect of gas exports on U.S. domestic prices remains hard to pin down. Prices have stayed low or gotten lower even as U.S. exports have gone from basically zero to world-leading in the past nine years. But the U.S. Energy Information Administration says it expects LNG exports to be the biggest driver of increased demand that will push U.S. natural gas prices higher in 2025 and 2026. It’s projecting the average spot price will roughly double from 2024 to 2026, to an average of $4.40 per million Btu.

U.S. LNG exports in July third highest on record

(Reuters; Aug. 1) - Exports of U.S. LNG jumped to 9.1 million tonnes in July, marking a sharp increase from June as some plants exited maintenance activities and Venture Global's new Plaquemines facility in Louisiana ramped up production, preliminary data from financial firm LSEG showed. The U.S. is the world's largest exporter of LNG and July's output was its third highest on record.

The U.S. could double its export capacity by 2030, based on projects already under construction and expected to get a financial greenlight as the industry builds momentum following President Donald's Trump's vow to bolster the U.S. energy industry. This week, Venture Global announced a positive final investment decision for its massive 28-million-tonne-per-year CP2 facility, the company’s third LNG plant in Louisiana.

Some 5.25 million tonnes, or just under 58% of July's total, headed to Europe during July, slightly lower than the 5.53 million tonnes, or 66%, sold in June, LSEG data showed. Exports to Asia rose slightly during the month to 1.8 million tonnes, or 20%, of U.S. LNG exports in July, compared to 1.56 million tonnes, or 19%, in June as demand for energy for cooling grew, according to LSEG data. The U.S. sold 11% of its July LNG exports to Latin America, with cargoes going to Brazil, Argentina, Colombia and Chile.

Developer selects contractor for Louisiana LNG project

(Reuters; Aug. 4) - U.S.-based Commonwealth LNG on Aug. 4 said it has chosen France-based Technip Energies to provide engineering, procurement and construction services for its 9.5 million-tonne-per-year liquefied natural gas export project in Cameron Parish, Louisiana. The United States is the world's largest exporter of LNG. Based on projects under construction and those expected to receive financial approval this year, the country could more than double its export capacity by 2030.

The Cameron Parish project is expected to reach a final investment decision in the second half of 2025, with LNG production slated to begin in 2029. Commonwealth LNG is working to build what it says will be the first integrated LNG export facility in the U.S., enabling its majority shareholder, Kimmeridge, to sell gas from its Eagle Ford shale production directly to the plant.

Last month, Reuters reported that oil giant Saudi Aramco is in talks with Commonwealth LNG to buy liquefied natural gas from the proposed facility, as the energy giant seeks to strengthen its position in the global market for the supercooled fuel.

TotalEnergies declines to invest further in LNG project in Texas

(Reuters; Aug. 6) - TotalEnergies has decided not to invest in U.S. developer NextDecade's fifth production train at its Rio Grande liquefied natural gas export facility in Texas or to buy LNG from its output, two sources familiar with the matter told Reuters. The French energy major is prioritizing lower-cost projects elsewhere as it reassesses its global LNG strategy, the sources said. The decision marks a shift for TotalEnergies, one of the world’s top three LNG exporters and the largest buyer of U.S. LNG.

The company is focusing on restarting construction of its $20 billion Mozambique LNG project and expanding its portfolio through deals in Canada, Qatar and elsewhere. TotalEnergies declined to comment. NextDecade said it was targeting mid-September for a final investment decision on Train 5 and was working to contract an additional 2.5 million tonnes per year under LNG supply deals to financially support the project.

NextDecade is contending with rising construction costs due to U.S. steel tariffs, stiff competition from U.S. rival Venture Global, and a projected global LNG supply glut that could depress prices from 2027. TotalEnergies has a 17.5% stake in NextDecade and a

16.7% interest in Rio Grande LNG Phase 1, which includes the first three trains — with a 2027 production startup date. In April, Total Energies signed a 20-year deal to purchase 1.5 million tonnes per year from Train 4, which NextDecade has committed to start building while continuing to work toward development of Trains 5 through 8.

New policy requiring U.S.-built LNG carriers will be hard to meet

(CNBC; Aug. 6) - The Trump administration is touting commitments by foreign nations for future large purchases of U.S. energy as part of recent trade deal frameworks, including with the European Union, Indonesia and South Korea, but a separate recent mandate from the U.S. Trade Representative (USTR) to promote domestic shipbuilding may stand in the way of making those liquified natural gas shipments reality.

The policy mandates that 1% of U.S. LNG exports be carried on U.S.-flagged ships starting in April 2028. A year later, 1% needs to be transported on U.S.-built ships. Subsequent annual increases of 1% would reach a total of 15% of U.S. LNG required to be on U.S.-built vessels by 2047. “The requirement of U.S.-built ships to move the country’s LNG and crude is problematic,” said Jason Feer, global head of business intelligence for Poten & Partners, a company specializing in energy market analysis.

The government’s new shipbuilding policy was undertaken as part of an investigation into China’s dominance in the industry. China builds as much as 75% to 80% of global fleets. There is only one U.S.-flagged LNG carrier currently operating, Crowley’s American Energy, but it was made in France in 1994 and began service in March 2025 to carry LNG from the U.S. Gulf Coast to Puerto Rico under an exception in the Jones Act. Currently, 682 LNG carriers operate globally, according to Poten & Partners.

By 2047, Poten & Partner estimates the U.S. would need 45 vessels to move the 15% of LNG required by the USTR guidelines. There is only one U.S. vessel on the global order books out of a total of 331 planned vessels, Feer said. Hanwha Shipping, a U.S. subsidiary of South Korea’s Hanwha Ocean, is now building a domestic LNG carrier through its affiliate, Hanwha Philly Shipyard. This vessel will be the first U.S.-ordered, export market-viable LNG carrier in almost 50 years.

Japanese developer awards early contracts for Indonesia LNG project

(Reuters; Aug. 6) - Japanese oil and gas explorer Inpex Corp. said on Aug. 6 it has awarded additional contracts for early-stage design work on its $20 billion Abadi liquefied natural gas project in Indonesia's Masela block. In April, the firm launched a front-end engineering design process to assess technical details and costs to build the facilities needed to extract and process natural gas from the Abadi gas field and liquefy it at an onshore plant for shipment.

Following its announcement of initial awards on Aug. 4, Inpex said two contractor consortiums — one led by Japan's JGC Holdings and the other by U.S. engineering firm KBR — have been selected to conduct FEED work for the onshore LNG facility. The two groups will work in parallel under a "dual FEED" framework to foster competition. The consortium that provides the better technical and commercial proposal will be awarded the subsequent engineering, procurement and construction contract, Inpex said.

The FEED scope also includes work related to carbon capture and storage, Inpex said. The move signals progress toward a final investment decision on the project, which is expected to produce at its peak 9.5 million tonnes of LNG a year.

OPEC+ strategy of boosting production relies on geopolitical tensions

(Reuters columnist; Aug. 4) - A couple of months ago it would have been a brave call to say that OPEC+ would be able to bring back 2.5 million barrels per day of oil production and still keep prices anchored around $70 a barrel. But this is exactly what has occurred, with the eight members of the group on Aug. 3 agreeing to wind back by September the last of their 2.2-million-barrel-per-day of voluntary cuts, as well as allowing a separate increase of 300,000 barrels per day for the United Arab Emirates.

OPEC+ stuck to their recent line that the rolling back of production cuts was justified by a strong global economy and low oil inventories. It's debatable as to whether this is actually the case. Certainly, demand growth in the top-importing region of Asia has been lackluster. Asia's imports were about 25 million barrels per day in July, down from 27.88 million in June and the lowest since July last year, according to data compiled by LSEG Oil Research. While China, the world's biggest crude importer, has been increasing purchases in recent months, much of this is likely because of lower prices.

It appears more likely that OPEC+ has largely been fortunate in that it has been increasing output at a time of rising risks in the oil market, largely from geopolitical tensions. Crude prices have also been supported in recent days by U.S. President Donald Trump's threats of wide-ranging sanctions against buyers of Russian oil unless Moscow agrees to a ceasefire in its war with Ukraine. As with everything Trump, it pays to be cautious as to whether his actions will ultimately be as drastic as his threats.

For now, much remains up in the air and OPEC+ members are following a smart strategy in taking advantage of the uncertainty to bring their production back and rebuild market share. How long this play can work is the question.

Goldman sticks with Brent oil forecast at $64 this year, $56 next year

(Reuters; Aug. 3) - Goldman Sachs has reiterated its oil price forecast with Brent averaging $64 per barrel in the fourth quarter of 2025 and $56 in 2026, but it also expects an increasing range of risks to its baseline price estimates from recent developments. "Increasing pressure on Russia and Iran sanctioned oil supply poses an upside risk to our price forecast, especially given the faster-than-expected normalization in spare capacity," the investment bank said in an Aug. 3 note.

However, Goldman flagged a downside risk to its 800,000-barrel-per-day average annual demand growth forecast in 2025-2026 due to the increase in U.S. tariffs, threats of additional secondary tariffs and weak U.S. economic activity data. The weaker data "suggests that the U.S. economy is now growing at a below-potential pace," which the bank's economists' feel has increased the chance of a recession in the next 12 months.

OPEC and its allies including Russia, known as OPEC+, agreed on Aug. 3 to boost oil production by 547,000 barrels per day for September, the latest in a series of accelerated output hikes to regain market share. "While OPEC+ policy remains flexible, we assume OPEC+ will keep its production quota unchanged after September as we expect the pace of builds in OECD (Organization for Economic Cooperation and Cooperation, known as the developed nations) commercial stocks (oil storage) to accelerate and seasonal demand tailwinds to fade away," Goldman said.

Falling drilling rig count could cut into U.S. onshore oil production

(Reuters; Aug. 5) - The falling number of oil and gas rigs deployed across the U.S. is reaching a level that would indicate onshore crude output from the world's top producer could fall in early 2026. U.S. companies are producing record amounts of oil, much of it from onshore shale fields. New techniques and technology, like longer lateral wells, automation and more powerful equipment, have driven productivity gains across the industry that have allowed oil companies to pump more with fewer rigs and less capital.

But the number of rigs working in U.S. shale fields has almost fallen so low — and is projected to keep falling — that those improvements will not be enough to keep onshore U.S. production rising, or even steady in some basins, analysts say. In April 2019, the last time more than 1,000 rigs were consistently deployed across the U.S., oil output stood at 12.14 million barrels per day. Today, there are just 540 rigs in operation, while output has jumped to some 13.5 million barrels per day.

Industry observers say that balance is fast approaching a tipping point, with analysts forecasting the rig count to fall further and U.S. onshore production to decline next year and into 2027. Wood Mackenzie expects Lower 48 oil production to fall by 200,000 barrels a day next year, with a further decline of 130,000 in 2027 as operators drop rigs in response to persistently low oil prices. At the current rig count of 540, energy analytics firm Novi Labs forecasts a 400,000 drop in Lower 48 production by the end of next year, with losses upwards of 200,000 within the first few months of 2026.

Brazil says it needs more oil production to finance energy transition

(Bloomberg; Aug. 5) - There's a predicament that global leaders — particularly those who fashion themselves as proponents of a green future — are facing: The world's insatiable desire for fossil fuels. Nowhere is that on display more than in Brazil. The nation is hosting COP30, the world's most important climate conference, this fall, while its state-owned oil company is moving a giant drillship to a site just over 100 miles off the coast of the Amazon rainforest in a desperate hunt for more crude — one it hopes will save the production of the nation's biggest export — from plunging in the 2030s.

A discovery would support the nation's shrinking trade surplus, attract investments and boost royalty payments to a government afflicted by budget constraints. It all may seem to run contrary to the legacy Brazil's President Luiz Inácio Lula da Silva is trying to build. He wants to end deforestation in the Amazon, reach net-zero emissions by 2050 and root out illegal logging and mining. But to him, there's no hypocrisy in his ambitious climate goals and his country's plans to drill. Brazil's onshore and offshore oil production hit a record of almost 3.7 million barrels per day in May, 10% above a year ago.

It's the very proceeds from finding and producing more oil that will help finance the energy transition and guarantee affordable prices for the rest of the world, Lula says. "We can't have knowledge of this wealth underneath us and not exploit it," Lula said recently. "It's from this wealth that we'll have the money to build the energy transition we dream of." Environmentalists say the argument is incoherent, and they challenge the idea that petrodollars will underpin the energy transition.

U.S. imposes 25% tariff on India as punishment for buying Russian oil

(Financial Times; London; Aug. 6) – President Donald Trump announced on Aug. 6 an additional 25% tariff on imports from India due to New Delhi's purchases of Russian oil, in a move that will raise tensions with Prime Minister Narendra Modi's government. The foreign ministry said India's oil imports were "based on market factors and done with the overall objective of ensuring the energy security of 1.4 billion people of India."

Ministry spokesperson Randhir Jaiswal said, "It is therefore extremely unfortunate that the U.S. should choose to impose additional tariffs on India for actions that several other countries are also taking in their own national interest. We reiterate that these actions are unfair, unjustified and unreasonable." The order said the new 25% levy over India's oil trade with Russia would be added to existing U.S. duties imposed on Indian imports.

Before Russia’s war on Ukraine, India imported a minimal amount of Russian seaborne crude. It has since, however, become its largest buyer. India has failed to reach a trade deal with Washington and was already facing 25% tariffs on its exports to the U.S. before Trump’s order to punish it for buying Russian oil. A White House official confirmed the extra fee will take effect Aug. 27. Trump’s move will widen the rift between the world’s two largest democracies, which have expanded their ties in defense and technology and had been nearing agreement on an interim trade deal just weeks ago.

China’s independent oil producers boost operations in Iraq

(Reuters; Aug. 3) - China's independent oil companies are ramping up operations in Iraq, investing billions of dollars in OPEC's No. 2 producer even as some global majors have scaled back from a market dominated by Beijing's big state-run firms. Drawn by more lucrative contract arrangements, smaller Chinese producers are on track to double their output in Iraq to 500,000 barrels per day by around 2030, according to estimates by executives at four of the firms, a figure not previously reported.

For Baghdad, which is also seeking to lure global giants, the growing presence of the mostly privately run Chinese players marks a shift as Iraq comes under growing pressure to accelerate projects, according to multiple Iraqi energy officials. In recent years, Iraq's oil ministry had pushed back on rising Chinese control over its oil fields. For the smaller Chinese firms, managed by veterans of China's state heavyweights, Iraq is an opportunity to leverage lower costs and faster development of projects that may be too small for Western or Chinese majors.

With meager prospects in China's state-dominated oil and gas industry, the overseas push by independents mirrors a pattern by Chinese firms in other heavy industries to find new markets for productive capacity and expertise. Executives at smaller Chinese producers say Iraq's investment climate has improved as the country becomes more politically stable. Iraq wants to boost output by more than half to over 6 million barrels per day by 2029. China's CNPC alone accounts for more than half of Iraq's current production at massive fields including Haifaya, Rumaila and West Qurna 1.

Renewables, not LNG imports, pushing out coal in the Philippines

(Rigzone; Aug. 4) - A 5.2% decline in coal-fired power generation in the Philippines in the first half of 2025 has put the Southeast Asian country on course for its first annual decline in coal power production in decades. This would be due to the growth of renewable energy rather than an increase in liquefied natural gas imports, the Institute for Energy Economics and Financial Analysis said.

“Recent media coverage has asserted that growing LNG imports are responsible for coal’s decline, reciting oil and gas industry logic that Asia’s energy transition hinges on replacing one fossil fuel (coal) with another (LNG)”, the U.S.-based IEEFA said. “However, these conclusions overlook basic trends in the Philippines’ energy market. Renewables have rapidly outpaced the growth of LNG, while gas-fired power generation remains below historical levels,” the report explained.

“Outages at existing coal facilities provide a better explanation for declining coal generation than the growth of LNG, which is significantly more expensive than renewables and other energy resources.” Based on an analysis of government data, the IEEFA said the country did not add any new greenfield gas-fired generation capacity between 2017 and 2024. Yet the Philippines installed over one gigawatt of solar power in 2024. “This growth outpaced all other asset classes last year. … Government auctions, among other government policies, are driving project developments.”

China needs more transmission lines to deliver renewable power

(Reuters; Aug. 5) - China's renewable power potential in far-flung provinces is increasingly going unused, official statistics revealed on Aug. 4, as the country rushes to build more long-distance transmission and energy storage to bridge the gap. The curtailment rate for solar power rose to 6.6% in the first half of 2025 from 3.9% in the same period a year earlier, while the rate for wind rose to 5.7% from 3%, according to the National New Energy Consumption Monitoring and Early Warning Center.

Curtailment refers to how much grid managers have to limit the amount of power coming into the grid to maintain a balance with demand or due to grid infrastructure constraints. China has a national-level limit of 10% curtailment for renewables, a figure it increased last year from 5% previously as it became harder to incorporate rising amounts of renewable energy into the grid.

China added 268 gigawatts of new solar and wind power in January-June, according to the energy administrator — nearly equal to all of the wind and solar the U.S. has ever built. On the curtailment front, China's national-level figures masked a larger increase in some renewable-heavy provinces. Regions with higher electricity demand continued to report low curtailment rates. Underutilization of renewables is spurring China to switch its focus from rapidly building renewable plants to making sure more of their power gets into the grid, analysts say.

French shipyard will no longer work on Russian LNG carriers

(High North News; Aug. 5) - A major French shipyard has stopped providing maintenance work for Russian liquefied natural gas carriers. The decision could further complicate Russia’s ability to export LNG from the Arctic to markets in Europe and Asia. The move leaves a Danish yard as the only remaining Western facility currently servicing the Kremlin’s ice-class Arctic fleet amid tightening European scrutiny.

Russia relies on a small number of specialized LNG tankers — many built with Western technology — to transport gas from the Arctic to Europe and Asia. While the vessels are not directly sanctioned, increasing scrutiny on indirect support has complicated their operations. Two European shipyards, Damen Shiprepair in Brest, France, and Fayard in Odense, Denmark, have played a key role in keeping this fleet of 15 vessels afloat.

“Although repairs to this type of ship have been carried out in the past, the decision has been made (beginning of 2025) to no longer carry out these repairs. Although the previous repairs were permitted under European sanctions legislation, we decided to refrain from further work on this type of ship,” said Robin Middel, a spokesperson for the Dutch parent company Damen. The company’s decision will further complicate the logistic surrounding Russia’s Yamal LNG project, though a Danish shipyard may be able to absorb some of the work previously done in France.