

Oil and Gas News Briefs

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Markets, not regulatory issues, more likely to affect U.S. LNG

(Wall Street Journal; Feb. 19) - President Trump's decision to lift the pause on new approvals for liquefied natural gas export terminals has generated enthusiasm about the prospects of the U.S. expanding its global supply of the fuel. There's little doubt the U.S. — already the world's top natural gas producer and exporter of LNG — will continue to increase its output. However, global market dynamics, rising costs and increased competition from Qatar will affect exactly how much — and where — this fuel goes. Qatar aims to almost double its own LNG output by the end of the decade.

“The permitting process is just one part of the overall equation that these projects need to solve to reach a final investment decision,” said Fauzeya Rahman, LNG specialist at energy intelligence firm ICIS. Longer term, potential obstacles are more likely to be market related than regulatory, said Andy Huenefeld, managing partner at Pinebrook Energy Advisors. Some counterparties are hesitant to enter the 20-year, take-or-pay contracts that the LNG industry is built on, he said. Under the contracts, buyers agree to take delivery or pay a penalty, guaranteeing a revenue stream for the project developer.

“There needs to be the demand for it, and there needs to be assurance that if you're going to enter into this extremely capital-intensive construction project, you're not going to be left holding the bag if the global market is suddenly oversupplied in 10 years,” Huenefeld said. The U.S. has eight export terminals where gas is liquefied and shipped overseas; five more are under construction along the Gulf coast in Louisiana and Texas.

The U.S. has recently been exporting more than 15 billion cubic feet a day of LNG, according to data from S&P Global Commodity Insights, equivalent to about a sixth of U.S. daily consumption. Analysts at Morgan Stanley expect U.S. LNG export capacity to nearly double by 2029 with the addition of about 11 billion cubic feet a day. The resumption of LNG permitting may support more U.S. final investment decisions, “which we believe could potentially add 4 billion to 5 billion cubic feet a day of new demand above our base case in the late 2020s or early 2030s,” S&P Global said in its report.

U.S. LNG exports continue record-breaking run

(Bloomberg; Feb. 19) – U.S. liquefied natural gas exports have extended a record-breaking run as new projects increased production, a trend that could help to ease high prices in Europe and Asia. Pipeline gas flows to LNG export plants climbed to 15.7

billion cubic feet on Feb. 18, according to data from BloombergNEF. That's an all-time high and almost 20% more than a year ago.

Higher exports are cementing the U.S. as the world's biggest supplier of the power plant and heating fuel, with output poised to roughly double by 2030. Europe, in particular, has turned to American LNG to help replace the loss of Russian pipeline gas since the 2022 invasion of Ukraine. More U.S. gas could provide relief to LNG buyers in Europe and Asia, which have been grappling with higher prices. The European benchmark briefly hit a two-year high this month, in part due to reduced Russia pipeline flows.

U.S. supply is growing following a ramp-up in output from Venture Global LNG's new Plaquemines plant in Louisiana, which exported its first cargo in December. Cheniere Energy's Corpus Christi project in Texas also began production from the first phase of its expansion at the end of last year.

Japanese, Saudi companies interested in Louisiana LNG project

(Reuters; Feb. 17) – Australia-based Woodside Energy has held talks with several potential buyers of stakes in its proposed Louisiana liquefied natural gas plant, including Tokyo Gas, Japan's JERA and Saudi Aramco-backed MidOcean Energy, sources told Reuters. The timing of the stake sale is a test case for buoyant market expectations around U.S. LNG with the return of Donald Trump to the presidency. Trump has said trade partners should buy more U.S. energy and issued several executive orders in his first weeks in office aimed at boosting domestic oil and gas output.

Louisiana LNG is an opportunity for buyers to diversify their supply base and potentially fend off U.S. tariffs under the Trump administration by increasing U.S. energy imports and narrowing the trade deficits that irk the president. Reuters spoke to seven people familiar with the matter. All seven said Tokyo Gas had discussions with Woodside, five of those sources said JERA held talks and four of the sources said MidOcean also had discussions. Reuters previously reported that Tokyo Gas was in talks for a stake.

Woodside is expected to make a decision soon and has signaled it may accept several bids as it seeks to sell 50% of the first phase of the LNG export project, expected to cost roughly \$16 billion to build. The project is to be built in four phases, with the first phase expected to produce 11 million tonnes per year. When fully built out, it is planned to produce 27.6 million tonnes per year, Woodside said. The company already has its federal authorizations for the project.

The oil and gas producer last year acquired the Louisiana LNG project in its \$1.2 billion purchase of developer Tellurian. The project had been called Driftwood LNG before the purchase. Woodside is seeking higher prices for liquefaction contracts, sources said. The company has told buyers the fees are higher to cover rising construction costs.

EU will consider investing in overseas LNG supply projects

(Reuters; Feb. 18) - The European Union will consider investing in liquefied natural gas projects abroad as part of plans to "immediately engage" with reliable suppliers to try to lower energy prices, a draft commission document showed on Feb. 17. The EU has a legally binding climate target to cut its emissions to net-zero by 2050, which means the bloc has to wean itself off carbon dioxide-emitting fossil fuels.

But it also has the challenge of dealing with high energy prices and threats from U.S. President Donald Trump, who even before taking office in January warned the EU that it would face trade tariffs unless it imported more oil and gas from the U.S. In a draft document outlining measures to bring down European energy prices, the European Commission said it would "immediately engage with reliable LNG suppliers to identify additional cost-competitive imports from existing and future LNG export projects." It did not specify which countries it sought to engage with.

The U.S. is Europe's main supplier of LNG. Its purchases from the U.S. grew after Russia's war on Ukraine led the EU to drastically reduce its use of Russian pipeline gas. Brussels wants to end the EU's reliance on Russia by 2027 but for now Moscow remains the EU's second-biggest LNG supplier. Noting Tokyo's policy of funding LNG export infrastructure projects to position itself to secure long-term contracts, the draft said the EU would look into "the Japanese model." Under EU law, European gas contracts must end by 2049 to align with the bloc's 2050 goal for net-zero emissions.

U.S. oil production could soon start to decline

(Energy Wire; Feb. 18) - President Donald Trump wants to "unleash" American energy. The problem: U.S. oil production growth is starting to dwindle. The nation's once-hot shale plays are maturing. It's getting more expensive to get significant amounts of new oil out of the ground. Some observers expect production to level off in the coming years and then start to decline by the early 2030s. Soon enough, oil companies may need to "drill, baby, drill" just to keep up current production levels rather than boosting them.

For many in the oil patch the debate is not whether U.S. oil production is hitting its peak, but when and how fast. "We're 17, 18 years into the U.S. shale story," said Brandon Myers, head of research at Novi Labs, a Texas-based firm that uses artificial intelligence to analyze the economics of wells. "It does have an end," he said. Right now, the U.S. oil industry is producing more crude than ever before — north of 13 million barrels a day — and the average price of gasoline is slightly above \$3 a gallon, near a three-year low. It may be hard to prove up the output increases Trump suggested on the campaign trail.

"That presumes that you can press a button and get even more out of those rocks than ever for an extended period of time," said Barry Rabe, a professor emeritus of environmental policy at the University of Michigan. Pulling that off, he said, is "sort of a

triple bank shot.” Nationally, oil production might creep up in the next couple of years, driven by drilling in West Texas and eastern New Mexico. But other once-booming plays in places like Colorado, South Texas and North Dakota are flat or declining.

Barring a technological revolution in drilling — some suggest leaps in AI might deliver one — the U.S. position as an oil powerhouse could be challenged in the years ahead.

Tariffs on Canadian oil would present tough choice for U.S. refineries

(The New York Times; Feb. 15) - The largest refinery in the U.S. Midwest will have an unpalatable choice if President Donald Trump imposes tariffs on Canadian oil: Pay more for the crude that it transforms into gasoline and diesel, or slash production. Both options threaten to increase prices at the pump, albeit modestly if Trump sticks with the 10% rate he announced this month. It is not clear whether the tariff will take effect after Trump decided to hold it in abeyance until at least early March.

The BP refinery, built around 1889 on the south shore of Lake Michigan, in Whiting, Indiana, near Chicago, is a reminder of just how difficult it can be to undo trade ties that go back decades. No matter how much oil the United States pumps — and it already is the top producer in the world by far — its refineries were designed to run on a blend of different types of oil. Many can't function well without the darker, denser, cheaper crude that is hard to find domestically. Canada is flush with that oil, known as heavy crude. And facilities like the one in Whiting were built around that pipeline supply.

Companies have little reason to spend billions reconfiguring refineries for trade policy that may be fleeting, not to mention uncertainty over the trajectory of global demand for gasoline and diesel, which some experts think could peak in the 2030s as more people buy electric cars as well as trucks that run on natural gas and other fuels. Whiting is among the most dependent in the U.S. on Canadian oil; between 65% and 75% of the crude flowing through it is of the dark, viscous variety found in the oil sands of Alberta. The rest is lighter, and much of it can come from Texas, New Mexico and other states.

BP can tweak its recipe — but only so much. Too little of the viscous stuff and the company would need to cut back its production of the fuels that power cars, trucks and airplanes. The refinery normally makes enough gasoline in a day to fuel more than 7 million cars, or about 3% of the gas-powered vehicles on American roads.

Reuters reports OPEC+ not considering delay in restoring supply

(Reuters; Feb. 17) - OPEC+ producers are not considering delaying a series of monthly oil supply increases that is scheduled to begin in April, Russian Deputy Prime Minister Alexander Novak said on Feb. 17, Russia's RIA state news agency reported. Bloomberg

News had reported on Feb. 17, citing delegates, that OPEC+ was examining whether to postpone the supply increases, despite calls from U.S. President Donald Trump to add supply in an effort to lower global oil prices.

Three OPEC+ delegates told Reuters that so far there had been no discussion on delaying the planned April increase. One of them said the oil market may be able to absorb extra supply from April as a result of tougher U.S. sanctions on oil-producing nations and higher Chinese demand, although it was too early to make that call.

Some analysts, such as Morgan Stanley, have said they expect OPEC+ to extend its current output levels past April, rather than start restoring supply. OPEC+ is cutting output by 5.85 million barrels per day, equal to about 5.7% of global supply, negotiated in a series of steps since 2022. In December, OPEC+ extended its latest layer of cuts through the first quarter of 2025, until April. The extension was the latest of several delays due to weak demand and rising oil supply outside the group.

[U.S. Energy Secretary calls net-zero by 2050 ‘a sinister goal’](#)

(Reuters; Feb. 17) - U.S. Energy Secretary Chris Wright on Feb. 17 called a pledge to achieve net-zero carbon emissions by 2050 a “sinister goal,” and also criticized the British government's attempts to hit clean-energy targets. Then-President Joe Biden set a target in 2021 for the U.S. to achieve net-zero emissions by 2050 to help fight climate change, in part by using subsidies to encourage an expansion of clean energy and electric vehicles. "Net-Zero 2050 is a sinister goal. It's a terrible goal," Wright said, speaking via video link at a conference held in London.

"The aggressive pursuit of it — and you're sitting in a country that has aggressively pursued this goal — has not delivered any benefits, but it's delivered tremendous costs," he said. Wright also used a question-and-answer session at the Alliance for Responsible Citizenship event to say his No. 1 priority is for the U.S. government to "get out of the way" of the production of oil, gas and coal.

"The world simply runs on hydrocarbons, and for most of their uses we don't have replacements." On net-zero, Wright took particular aim at Britain, saying its pursuit of a decarbonized energy system — which the U.K. government wants to reach by 2030 — had damaged living standards and exported emissions elsewhere in the world. "No one's going to make an energy-intensive product in the U.K any more. It's just been displaced somewhere else," he said. "This is not energy transition. This is lunacy."

[Germany freezes funding for key energy-transition programs](#)

(Bloomberg; Feb. 17) - Two years ago, Thyssenkrupp, Germany's biggest steelmaker, was awarded €2 billion (\$2.1 billion) in subsidies to help pay for a hydrogen furnace. It was the biggest-ever commitment of its kind and a high point in Germany's transition to clean fuel. Yet plans to burn hydrogen are now on hold. Since the government collapsed late last year, funding for key energy-transition programs has been frozen and the leading political parties have made clear that their priorities lie elsewhere.

Germany has spent billions in subsidies to cut carbon emissions by two-thirds by the end of the decade. But at a time when climate concerns remain largely unresolved, Europe's biggest economy is set to scale back those efforts — and cede its position as the bloc's frontrunner in the energy transition. With the U.S. under Donald Trump retreating from global climate efforts, countries across the world are looking to Germany to help close the gap. That may be wishful thinking, say people familiar with the issues.

Meeting climate-related commitments had already been a challenge for the outgoing government of Social Democrat Olaf Scholz — whose coalition included the Greens and the pro-business Free Democrats — because of budget constraints, and the people said it's very likely that climate-related funding will be cut further after the elections.

[ExxonMobil announces gas project in Guyana](#)

(Reuters; Feb. 18) - ExxonMobil is planning to increase natural gas output and supply in Guyana through a large-scale project announced on Feb. 18, following the government's call for more gas to fuel onshore power and petrochemical projects. The "Wales Gas Vision," outlined by Exxon's Guyana head, Alistair Routledge, is set to provide gas for production of fertilizers through a \$1 billion pipeline completed last year. The government will take a portion of the gas supplied by Exxon for power generation and natural gas liquids production through its gas-to-energy project.

Exxon's overall project also requires building pipelines and a gas processing and liquefied natural gas facility which will allow LNG exports and gas supply to Guyana's Berbice area for producing fertilizers and alumina, Exxon said. The company did not give an investment figure for the project. The Exxon-led consortium in Guyana, in which Hess and China's CNOOC participate, plans to ramp up gas output in the coming years, especially through projects involving gas not associated with oil, such as Longtail.

A final investment decision for Longtail, which would be the group's eighth project in the South American country and deliver up to 1.2 billion cubic feet per day of gas, is expected next year. Guyana is aiming to add natural gas to an energy mix dominated by oil output, helping to increase power generation and open new sources of revenue by exporting petrochemicals and LNG, Energy Minister Vickram Bharrat said earlier on

Feb. 19. "There will be a shift toward gas utilization and monetization," the minister said at the conference in Georgetown.

Russia's Novatek pitches its Arctic LNG to India

(High North News; Feb. 17) - With the European market out of the picture and no success with Chinese buyers despite Novatek's lobbying efforts throughout 2024, the Russian company's attention has now turned to India as a potential destination for its liquefied natural gas. What was promoted as Russia's largest LNG project, Arctic LNG 2, partially came online in the summer of 2024 but attempts to make deliveries have thus far proven unsuccessful due to multiple U.S. sanctions, including on LNG carriers.

Eight cargoes were lifted from the facility on the Gydan Peninsula in the Russian Arctic between August and October, with all of the fuel cruck aboard LNG carriers or floating holding tanks. India's official position on importing sanctioned Russian LNG from the Arctic remains unclear. After initial statements in September 2024 that the country would not buy sanctioned product from Russia, more recent remarks suggest the position may be softening. Senior Novatek officials pitched the idea during a number of meetings at the India Energy Week, an industry conference, last week, reports say.

The country is already the second-largest buyer of Russian crude oil and oil products, but has thus far only been a minor player for LNG imports from the country.

Brazil will join OPEC+ but will not have any binding obligations

(Associated Press; Feb. 18) - Brazil's government on Feb. 18 approved joining OPEC+, signaling the country's evolution into a major oil state just nine months ahead of hosting the annual U.N. climate summit. The National Council for Energy Policy's approval came in response to an official invitation in 2023. OPEC+ includes the 12 members of OPEC, the longstanding group set up to coordinate oil production to stabilize markets, plus 10 more significant oil-producing nations with Russia by far the largest.

Though it will cooperate with OPEC nations, Brazil won't have any binding obligation such as production cuts, Mines and Energy Minister Alexandre Silveira said at a news conference. The participation will be limited to the Charter of Cooperation, a permanent forum for OPEC and OPEC+ countries to discuss industry-related issues. The South American country will not participate in decisions.

Silveira called the charter merely "a forum for discussing strategies among oil-producing countries. We should not be ashamed of being oil producers. Brazil needs to grow, develop and create income and jobs." Brazil is the world's seventh-largest oil producer,

with about 4.3 million barrels daily, or 4% of the world's output, according to U.S. Energy Information Administration.

Privately run refiners in China continue accepting sanctioned tankers

(Bloomberg; Feb. 17) – Privately run oil import terminals in China have taken deliveries from U.S.-sanctioned tankers, suggesting that a region that is home to the country's largest buyers of Iranian and Russian crude is finding ways to circumvent the reluctance of larger port operators. Dongying, in the eastern Shandong province, became a key receiving port after state-run Shandong Port Group sold at least one terminal to a private entity, according to traders familiar with the matter.

The Si He, a tanker sanctioned on Jan. 10, discharged more than 744,000 barrels of Russian ESPO crude at Dongying last week, according to the traders and commodities-tracking platform Kpler. Other hotspots have also emerged, including an independently run berth in Yangshan, south of Shanghai, and a terminal in the southern port of Huizhou, which received a shipment of Iranian oil last month.

Private alternatives have risen in prominence since Shandong Port Group last month urged operators to reject blacklisted tankers, responding to increased U.S. scrutiny. A salvo of sanctions from the departing Biden administration reinforced the trend. By leaning on these smaller options, so-called "teapot" refiners can continue taking discounted crude while shielding China's large refiners and high-profile logistics entities, which handle cargo and container shipments. China's purchases of crude from Russia and Iran made up a quarter of its imports in 2024, based on Bloomberg calculations.

Chinese companies launch ultra-deep drilling for oil and gas

(Oilprice.com; Feb. 14) - Chinese companies have launched a new ultra-deep drilling campaign in the Taklimakan Desert in northwest China, hoping to unlock more oil and gas resources from deep underground. The drilling campaign, in China's Xinjiang Uygur Autonomous Region, aims to reach oil and gas resources that are about 26,000 feet underground. One well, the Manshen 72-H6 in Xayar County, is planned to reach a depth of 28,658 feet.

In recent years, China has intensified ultra-deep drilling, both onshore and offshore, looking to unlock more of domestic oil and gas resources to help meet its demand for hydrocarbons and reduce dependence on imports. At the end of 2023, China Petroleum & Chemical Corp., commonly known as Sinopec, said it achieved the first oil and gas flows from the deepest onshore well in Asia.

Other Chinese companies, including China National Offshore Oil Corp. and China National Petroleum Corp., are leading major drilling projects. China is now building a new rig that should be able to drill onshore much deeper than any other rig. Led by the Chinese Academy of Geological Sciences, the project involves a number of research institutions and companies. Its purpose is to develop a smart drilling rig that could reach depths of about 50,000 feet.