Oil and Gas News Briefs
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Cheniere wants to expand Louisiana and Texas LNG export terminals

(Reuters; Feb. 20) – Cheniere Energy, the first and the largest U.S. liquefied natural gas exporter from the U.S. Gulf Coast, plans to aggressively pursue new regulatory permits to expand production and export capacity now that President Donald Trump is in office, the company's CEO, Jack Fusco, said on Feb. 20. "We intend to strategically pursue permits to ensure the long-term growth optionality of Sabine Pass (Louisiana) and Corpus Christi (Texas)," Fusco said, referring to the company's big export terminals.

Fusco said Cheniere plans to almost double its production of LNG to 90 million tonnes per year by adding more liquefaction and export facilities at Sabine Pass and Corpus Christi. The two plants will already have a combined production capacity of 55 million tonnes a year after completion of an expansion project at Corpus Christi. Construction on the Corpus Christi expansion is ahead of schedule, and all the equipment has been delivered, reducing the risk of import tariffs that Trump has imposed on some countries.

Japanese oil and gas company president doubts Alaska LNG project

(Reuters; Feb. 19) - Japan Petroleum Exploration Co. (JAPEX) is prioritizing investment in oil and gas exploration and production through 2030, revising an earlier plan to aggressively expand its renewables businesses, its president said. "For now, the investment focus will remain on oil and gas exploration and production ... as securing a fair return from renewable energy sources such as offshore wind is challenging due to rising costs," President Michiro Yamashita told Reuters in an interview on Feb. 19.

Its global peers have also scaled back renewables investments due to lower returns. At the same time, profits from oil and gas have soared since Russia's war on Ukraine disrupted supply and propelled energy prices higher. In 2022, JAPEX set a goal of having its profits split equally between exploration and production and other businesses by 2030 to support the energy transition toward carbon neutrality. Yamashita said, however, that the current ratio of oil and gas contributing 70% to 80% of earnings will likely remain unchanged through 2030, driven by expansion in the U.S. and Norway.

Investment will likely be capped at $300 million per project, reflecting lessons from past losses on large investments and JAPEX’s exit from a Canadian oil sands project, he said. The 70-year-old Japanese company views the Trump administration's energy policy as enhancing predictability and stability, making it "favorable" for them. Given Trump's plan to expand liquefied natural gas exports, the company aims to gradually

acquire gas assets, he said. But the Alaska LNG project, which Trump supports, is not a realistic investment proposition due to its unclear economics and large scale, he said.

Trump talks about Alaska LNG, but Asian nations noncommittal

(Reuters; Feb. 20) - When President Donald Trump sat down to lunch with his Japanese counterpart this month, talk turned quickly to how Tokyo could help realize a decades-old proposal to unlock natural gas in Alaska and ship it to U.S. allies in Asia. Trump and his energy tsar Doug Burgum framed the venture as a way for Japan to replace Middle East energy shipments and address its trade imbalance with the U.S., according to two officials briefed on the closed-door talks.

Prime Minister Shigeru Ishiba — eager to ensure a positive first meeting and stave off damaging U.S. tariffs — struck an optimistic note about the Alaska LNG project despite Tokyo's doubts about its viability. Ishiba told Trump and Burgum that he hoped Japan could participate in the $44 billion project, said the officials, granted anonymity due to the sensitivity of talks. Trump repeatedly mentioned the project in public remarks after lunch. Ishiba did not, and there was no reference to it in the official readout of the talks.

While the Alaska project faces cost and logistical hurdles, Japan, South Korea, Taiwan and others are buying into the idea of increasing U.S. gas imports more broadly, which could bolster the U.S. economy and blunt the influence of China and Russia. In a joint statement Feb. 15 with U.S. Secretary of State Marco Rubio, Japanese and South Korean foreign ministers agreed to bolster energy security by "unleashing" America's "affordable and reliable energy," particularly LNG. They did not mention Alaska.

The idea of building an 800-mile pipeline linking gas fields on Alaska's North Slope to an export terminal on its Pacific coast has long stuttered due to the high costs and harsh terrain. But expecting Trump might raise a project he has personally championed in the Feb. 7 meeting with Ishiba, Japan was preparing to voice tentative support to win his favor and forestall trade friction, Reuters reported last month.

The Philippines president will discuss Alaska LNG with Trump

(Bloomberg; Feb. 22) - The Philippines plans to import liquefied natural gas from a long-proposed Alaska project to meet the country’s growing energy needs, even as the future of the multibillion-dollar development remains unclear. President Ferdinand Marcos Jr. intends to discuss the matter and other opportunities to cooperate when he meets American counterpart Donald Trump at the “soonest possible time,” Philippine Ambassador to the U.S. Jose Manuel Romualdez said on X late on Feb. 22.

The Alaska LNG export project — proposed in various forms for decades — has struggled to secure binding long-term contracts and investments. Unlike similar facilities on the U.S. Gulf Coast, this one would be even bigger in scale, requiring construction of an 800-mile pipeline across the state. Trump used a Jan. 20 executive order to make clear it's now U.S. policy to "prioritize the development of Alaska's liquefied natural gas potential, including the sale and transportation" of the fuel to Pacific region nations.

While it isn't clear if or when the Alaska project will come to fruition, governments are pledging support for the idea to appease Trump — while avoiding making binding commitments. The Philippines began importing LNG in 2023 as its key Malampaya gas field — which supplies a fifth of the country's power requirements — nears depletion.

Demand could outpace supply, pushing up U.S. natural gas prices

(S&P Global; Feb. 21) – U.S. gas producers anticipate that rising demand in 2025 will outpace operators' capacity to respond with additional supply considering the industry's conservative approach to new drilling activity. A number of the gas-focused exploration and production companies that have reported year-ahead capital plans to date have said they don't intend to increase activity and grow production meaningfully in 2025.

This trend could result in a situation where supply lags the ramp-up in demand, potentially contributing further upside to prices, several executives have said during their 2025 outlook discussions with analysts. "I think everybody has been very cautious to say 'we're not going to oversupply this market,' and maybe we undersupply it because we're so cautious," Roland Burns, CFO for Haynesville Shale producer Comstock Resources, said Feb. 19 during the company's quarterly earnings update.

Low pricing in 2024 led operators to trim drilling and curtail production. At the same time, executives say they see supply falling behind as demand builds from the liquefied natural gas export sector. Over the past week, U.S. feed gas demand by LNG export plants averaged more than 16 billion cubic feet of gas per day, where it is expected to stay on average throughout 2025, S&P Commodity Insights showed. Comparatively, in 2024, average feed gas demand for the full year was estimated at 13.2 bcf per day.

Alaska governor hopes Trump's oil and gas policies make it into law

(Energy Wire; Feb. 21) - President Donald Trump made sweeping changes to U.S. oil and gas policies in Alaska on his first day back in office. Now, the state's leaders want to make sure the new approach sticks. Trump's moves open up wide swaths of the Arctic to potential drilling and could pave the way for a proposed liquefied natural gas project to go ahead. Gov. Mike Dunleavy is among those hoping the policies can be enshrined in federal law so they can remain in force no matter who is in the White House.

“You have investors that’ll look at places all over the world — they’ll go into risky places in sub-Sahara Africa or Central Africa and invest,” Dunleavy said in an interview. “But they would basically tell me, ‘Look, yeah, you’re part of America, but it’s so unpredictable in Alaska that with each and every four years there’s a risk of a whole new set of rules.’” Dunleavy said he believes a Republican-controlled Congress and Senate may be able to team up with Trump to pass more legislation to pave the way for increased oil and gas production in Alaska.

For decades, Alaska has been a battleground between conservationists and the energy industry over whether and how much oil and gas production should happen in one of America’s most untouched landscapes. Federal policy has shifted between presidential administrations and Congresses about how much federal land in Alaska can be opened to drilling, whether and where pipelines can be built and what standards the energy industry should meet in production.

Peace talks raise possibility of return of Russian gas to Europe

(S&P Global; Feb. 21) - Three years since Russia invaded Ukraine, the future of Russian gas in Europe still hangs very much in the balance despite concerted efforts led by Brussels to phase out imports. The European Commission is — for now — sticking to its policy of wanting to eliminate Russian fossil fuel imports, including pipeline gas and liquefied natural gas, entirely by 2027. Energy Commissioner Dan Jorgensen doubled down on his commitment on Feb. 20, saying he would put forward a plan next month to make sure the European Union "gets 100% rid" of Russian gas.

But peace talks between Russia and the U.S. over Ukraine have prompted renewed speculation that larger-scale Russian pipeline gas flows could return to Europe at some point in the future. A lot might have to change before this could happen, however. "Any return of Russian gas at scale is contingent on a peace accord, and we expect negotiations will be complicated and take time to finalize," Michael Stoppard, Global Gas Strategy Lead at S&P Global Commodity Insights, said Feb. 20.

"When it comes to natural gas, Presidents Trump and Putin have opposing interests. Trump in his previous term was a strong advocate of U.S. LNG, and a return of Russian pipeline gas works against that objective," Stoppard said. Meanwhile, “all eyes are on Germany” and the formation of a new governing coalition, he said. "There is a strong faction focused on re-igniting the faltering economy where the return of Russian gas is considered helpful or even essential. However this view may not hold sway across the coalition and will be hotly contested across European governments."

U.S. oil companies unlikely to go back to Russia even if a peace deal

(Financial Times; London; Feb. 22) – U.S. oil producers are not going to rush back into Russia following any peace deal between Moscow and Kyiv because they have been badly burnt in the past, according to U.S. shale magnate Harold Hamm. The Continental Resources' founder and big donor to Donald Trump's election told the Financial Times that Russia had been a tough place to work for decades and he was thankful he had not followed others who ploughed money into the world's third-largest oil producing nation.

"A lot of people lost a whole lot of money over there. I think they're going to be very reticent to want to go back. Once in a while peace breaks out over there, but not very often," he said. Talks between U.S. and Russian officials this week fueled speculation that American companies could return to Russia if a peace deal can be agreed and sanctions are relaxed on Moscow. Russian officials specifically flagged the potential for joint investments in hydrocarbons by U.S. and Russian firms, including in the Arctic.

Most analysts, however, agree with Hamm that U.S. oil majors will think long and hard before investing following any peace deal due to the geopolitical risks and opportunities elsewhere. "Political risks remain sky-high — sanctions relief could be reversed with a U.S. administration change. Companies won't rush back into a market where rules shift overnight," said Tatiana Mitrova, a research fellow at the Center on Global Energy Policy at Columbia University.

Western oil companies would be skeptical of returning to Russia

(The New York Times; Feb. 23) - Kremlin officials are dangling the prospect of lucrative investment deals for U.S. energy companies, apparently seeking to convince President Donald Trump that large economic gains could come from siding with Moscow in ending the war in Ukraine and scrapping economic sanctions on Russia. There is no doubt that Russia has vast troves of oil and gas, but an effort to lure American or other Western energy companies to undertake Russian projects is likely to encounter skepticism.

After the collapse of the Soviet Union more than three decades ago, Western energy giants including ExxonMobil, BP and Shell spent years carving out roles in the Russian oil industry. But when Moscow invaded Ukraine in 2022, all of them felt compelled to either put their businesses on ice or walk away, leading to billions of dollars in write-offs. Energy companies considering a return would need to weigh access to troves of oil and gas against potential pitfalls, including reputational damage from taking part in an industry that has financially sustained a government waging war against its neighbor.

"There is a potential for return," said John Gawthorp, an analyst at Argus Media, a London research firm. But the energy giants, whose projects take years to complete, would need to be convinced that they would not wind up facing new restrictions in a few years in the event of a change of U.S. government or renewed aggression by Russia.

Besides, the U.S. shale boom has given companies like ExxonMobil and Chevron alternatives to potentially riskier international plays. “The U.S. majors have far more attractive opportunities elsewhere in the world,” including the Gulf of Mexico, Brazil and Guyana, said Tatiana Mitrova, a research fellow at Columbia University’s Center on Global Energy Policy. “Why should they choose Russia, with its high political risks?”

Russia’s Gazprom loses clout, market share and money

(Washington Post; Feb. 23) - Russia’s gas giant Gazprom was once so enormous it was called the country’s “second budget,” with huge revenue and outsize domestic and foreign influence. It handily weathered challenges such as the 2008 financial crisis, the 2014 ruble devaluation and even the coronavirus pandemic. But as Russia’s economy creaks under the pressure of sanctions and the cost of its nearly three-year-long war in Ukraine, the corporation has emerged as one of the biggest casualties of the war.

It has failed to match the rest of the Russian economy’s impressive resilience to ever-tightening sanctions, in which enterprises found ways to procure critical goods through third-parties and complex international payment schemes. Instead, the inflexible nature of the company, and particularly its vast gas pipeline network, has emerged as its Achilles’ heel. The loss of European markets, which made up three-quarters of its gas revenue in 2022, forced the Gazprom Group to undergo a transformation.

It went from a geopolitical and financial powerhouse into a more diminished role of domestically focused utility provider, burdened by foreign sanctions, state-imposed wartime taxes and structural inefficiencies, struggling to compensate for lost business. The gas monopoly, Russia’s most profitable company before the 2022 invasion of Ukraine, lost $7 billion in 2023, its first loss in a quarter-century due to its plummeting European market share. Most of its gas is now sold domestically at a discounted rate.

Exxon-led venture continues expansion plans in Guyana

(Argus commodity news services; Feb. 19) - ExxonMobil said 2025 is shaping up to be "very pivotal" for the company's operations at the giant Stabroek offshore block in Guyana as the pace of projects speeds up. The company has just submitted the draft environmental impact assessment for the Hammerhead project to Guyana's Environmental Protection Agency, ExxonMobil's Guyana president Alistair Routledge said Feb. 19 at the Guyana Energy Conference and Supply Chain Expo in Georgetown.

"We target reaching final investment decision for that project in the middle of the year, subject, of course, to us completing the full environmental permitting process and the production license process," he said. Hammerhead is forecast to deliver up to 190,000 barrels per day when it is brought up to full capacity by the end of 2029. Next year, the

ExxonMobil-led venture plans to reach a final investment decision on Longtail, which will be the first to target non-associated gas in the southeast area of Stabroek.

"We'll develop a significant resource base of gas, but also condensates, liquids," Routledge said. Gas output is pegged at up to 1.2 billion cubic feet per day when it starts at the end of the decade. Routledge acknowledged the government's impatience to move faster on gas development plans. "We want to move quickly," he told the conference. "But for those in the industry, you will understand the additional complexity and challenges that gas brings." This includes higher transport and storage costs than oil and lower energy density. That means it takes more effort to advance gas projects.

After 10 years and $20 billion, new Nigeria refinery short of oil

(Wall Street Journal; Feb. 22) - Africa's richest person, industrial titan Aliko Dangote, has a lofty goal: He wants to become Nigeria's John D. Rockefeller, using his wealth to transform his homeland. His mega-refinery has put him "through hell," but it has brought him closer to his goal. His bets on the rise of Africa's middle class helped him amass a fortune from cement, sugar, salt and other commodities, and a net worth of $28 billion.

His pièce de résistance is the Dangote Petroleum Refinery, a sprawling industrial complex on the outskirts of Lagos, Nigeria, that takes up an area half the size of Manhattan. Dangote, 67, expects the $20 billion refinery, which is nearly 10 years overdue and has more than doubled in cost, to reach full capacity of 650,000 barrels of oil a day next month. The refinery is one of the largest in the world, with the ability to provide about 150% of the fuel consumed by Nigeria's more than 220 million people.

However, it won't end decades of costly fuel imports anytime soon because the state oil company, NNPC, won't sell the refinery enough crude oil. NNPC has said it can deliver just 300,000 barrels of oil a day — less than half of what is needed at the massive refinery, which opened last year. NNPC often supplies even less than that amount, Dangote executives said, despite the country's output of about 1.7 million barrels a day. One problem is that the government has forward-sold much of its near-term production, and the country gets more than 90% of its foreign exchange from selling oil overseas.

The logic for the refinery was compelling: Nigeria exports almost all of its crude, which is refined abroad and imported back into the country. The lack of local refining capacity has come at a huge cost to the government, which has spent billions of dollars subsidizing fuel for consumers and companies, rather than on desperately needed infrastructure or job creation. The refinery also represents a shift away from centuries of Africa exporting its most precious resources rather than putting them to work at home.

Court upholds Michigan permits for Great Lakes pipeline tunnel

(Associated Press; Feb. 20) - Enbridge Energy's plans to build a protective tunnel around an aging pipeline that runs beneath a channel connecting two Great Lakes can continue, a Michigan appeals court ruled. The state Public Service Commission properly issued permits for the $500 million project, the Michigan Court of Appeals ruled on Feb. 19 in rejecting arguments from environmental groups and Native American tribes that commissioners failed to consider the overall need for the pipeline.

Enbridge wants to build a protective tunnel around an almost 4-mile section of its Line 5 pipeline that runs along the bottom of the Straits of Mackinac, which link Lake Michigan and Lake Huron. Enbridge has been using the pipeline since 1953 to transport crude oil and natural gas liquids between Superior, Wisconsin, and Sarnia, Ontario. Concerns about a potentially catastrophic spill in the straits have been building since 2017, when Enbridge officials revealed that engineers had known about gaps in the line's coating since 2014. Fears of a spill escalated in 2018 when a boat anchor damaged the line.

Enbridge maintains that the line is structurally sound, but still reached an agreement with the state in 2018 that called for the company to build the tunnel. The Michigan Public Service Commission issued permits for the project in 2023. Environmental groups asked the appellate court last year to reverse the commission's decision. The groups and the tribes alleged that the commission improperly considered only the public need for the tunnel rather than whether the pipeline itself is still necessary. The appellate court found that the commission acted reasonably.

Oklahoma waiting on federal funds to plug abandoned wells

(KGOU, Oklahoma public radio; Feb. 20) - The state of Oklahoma expected millions of dollars to plug oil and gas wells abandoned by their owners. But the funds are in limbo under a new federal administration. There are more than 20,000 abandoned wells in Oklahoma. They pose an environmental risk the Oklahoma Corporation Commission remediates using an excise tax on producers. When a well is no longer active and without an owner, the agency assumes responsibility for it.

The list of abandoned wells is growing, but the agency's funds limit the number of pluggings each year. As part of the 2021 federal Infrastructure Investment and Jobs Act, the state expected $102 million to augment its funds and significantly increase abandoned well remediation. But an executive order issued by President Donald Trump on Jan. 20 halts disbursement of unspent federal funds. Slowing the plugging industry in Oklahoma could be collateral damage should the funds be permanently withheld.

"We actually exhausted all of our state funds in the last fiscal year … because we knew we had federal money that would serve as a backup," said Matt Skinner, spokesman for the corporation commission. The agency received an initial 2022 payment of $25 million

and used nearly all of it to plug 1,123 wells. The agency estimates it could plug up to 4,700 wells should it receive the full amount. A document submitted to the state legislature this year says the commission would need more than $574 million to plug all of the abandoned wells in Oklahoma.

LNG exports change dynamics of U.S. gas storage contracts

(S&P Global; Feb. 19) - Booming demand from U.S. LNG export terminals is driving up prices and contract lengths for natural gas storage, squeezing out traditional marketers. In the first storage "supercycle," demand came from "from marketers and traders taking advantage of intrinsic and extrinsic value," said Amol Wayangankar, founder of Enkon Energy Advisors, at the Enkon natural gas storage forum in Houston on Feb. 18. "What we are seeing this on this cycle is significantly different," Wayangankar said.

"End-users and operational customers are driving the need for storage. I don't think an LNG terminal really runs spread option models to figure out how much they want to pay for storage," he said. LNG terminals and power stations are also willing to sign contracts for longer terms of gas storage than marketers. Three years used to be considered a long-term contract for storage, but "today, if you look at all the open seasons, the minimum is five years and I bet a lot of these open seasons end up with about eight to 10 years of weighted-average contracts," Wayangankar said.

While prices are also on the rise, lengthening terms are more problematic for marketers, said Mark Wilson, a vice president at Kinder Morgan. "What the marketers fear is term more than price," Wilson said. "They can run a storage volatility model, figure out the intrinsic and the extrinsic value and compete competitively for a one-year contract, or maybe even a two-year contract. But I haven't seen the marketers willing to take a flyer on a five-year contract." Even if a marketer can make a competitive bid for shorter-term contracts, storage developers need to consider the security of longer storage contracts.

Range of factors created gas shortage on Australia’s East Coast

(Institute for Energy Economics and Financial Analysis; Feb. 20) - The worsening natural gas supply-demand outlook in Australia’s eastern states has prompted renewed calls for increased domestic production. However, such measures have consistently failed to address the longer-term risk of supply gaps, and policy solutions should be further explored instead. Most notably, while LNG producers prioritize exports to take advantage of lucrative international spot markets, diverting those supplies to the domestic market could alleviate current supply concerns.

Released in early January, the Australian Competition and Consumer Commission’s latest gas report forecasts that the perennially tight East Coast gas market is likely to

have sufficient gas supply to meet anticipated demand in 2025 and 2026. However, the report highlights longer-term concerns around future supply adequacy, with structural supply gaps likely to emerge as early as 2027 in the southern states along the eastern seaboard and in the broader East Coast gas market by 2029. Those supply fears have prompted calls for LNG imports into the region.

A range of factors have contributed to the worsening supply-demand outlook, some of which are acknowledged by the commission, including declining gas production in the aging Gippsland Basin not being offset through additional domestic supply from elsewhere, which would require long pipelines; continued liquefied natural gas exports from Queensland; and a lack of investment in new local gas supply, made more uncertain by the prospect of further domestic demand destruction.