Oil and Gas News Briefs
Compiled by Larry Persily
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Asia's crude oil imports declined in 2024; first time in 3 years

(Reuters columnist; Jan. 6) - Asia's oil imports dropped in 2024, the first annual decline in three years, led by weak demand from heavyweight China and other major buyers, with only India managing sparse growth. The world's top importing region saw arrivals of 26.51 million barrels per day in 2024, down 1.4% from 26.88 million in 2023, according to data compiled by LSEG Oil Research. The decline of 370,000 barrels per day this year marked the first time Asia's oil imports have dropped since 2021, when China's strict lockdown to combat COVID-19 cut demand in the world's biggest oil importer.

It was largely a China story again in 2024, with the country's imports likely to have slid by about 1.9%, or 210,000 barrels per day, according to official data for the first 11 months of the year and LSEG's estimate for December arrivals. The weakness in China's oil imports has several drivers, including slower economic growth, rising adoption of electric vehicles and switching the trucking industry to liquefied natural gas. The question for the market is whether these trends are likely to reverse in 2025, or if China's crude oil imports have likely peaked and will decline again this year.

It's hard to see China's rapid move to EVs for light transportation being scaled back. And as long as LNG prices remain competitive with diesel, it's also hard to see diesel demand rising. That leaves stronger economic growth as the most likely driver of increased crude demand in China, and that remains uncertain given the likelihood of rising trade tensions with the U.S. under President-elect Donald Trump.

LNG export projects in Mexico dependent on U.S. gas

(Argus Media; Dec. 27) - President-elect Donald Trump's pledge to lift the pause on liquefied natural gas export permits could reshape Mexico's LNG ambitions and its role in global gas trade. Trump, set to take office on Jan. 20, has vowed to reverse a decision by President Joe Biden's administration in January 2024 to halt LNG export permits pending a recently released study of the environmental and economic impacts.

The seven LNG export terminals proposed for Mexico's West Coast together represent nearly 60 million tonnes per year of projected export capacity. All of the projects would rely on U.S. permits to sell LNG — the gas would come from the prolific production of the Permian Basin in Texas and New Mexico — making them pivotal in positioning the U.S. and Mexico as top global LNG players.

"The U.S. has a fundamental interest in accelerating West Coast Mexico LNG development," said Joe Webster, senior fellow at the Atlantic Council's Global Energy Center. "Constructing LNG terminals in this region would address the Permian Basin's increasingly ‘gassy' gas/oil ratio while strengthening energy ties with the Indo-Pacific." The Permian is producing more gas than pipeline takeaway capacity can handle, driving down prices paid to producers until a market develops to take more of the gas.

Yet, even with permitting renewed under Trump, domestic U.S. tariff and nationalist politics could pose risks to the projects in Mexico. The Republican-led Congress could complicate matters. In October, Alaska Sen. Dan Sullivan proposed legislation to restrict gas exports to "corrupt governments," explicitly including Mexico. With Republicans controlling both chambers, such measures could gain traction if Trump backs them.

U.S. LNG exports up 4.5% in 2024; more than half went to Europe

(Reuters; Jan. 2) - U.S. LNG exports reached near record levels in December, rising to 8.5 million tonnes as two new plants started, and driving up full-year shipments 4.5% over 2023, according to preliminary data from financial firm LSEG. December's output was just short of the record monthly export of 8.6 million tonnes in December 2023 and was 9% higher than the 7.75 million exported in November, according to LSEG data.

For the year, LNG exports hit 88.3 million tonnes, up from 84.5 million in 2023, ensuring the U.S. maintained its crown as the world's largest LNG exporter, according to LSEG data. Cheniere Energy's December start-up of its Stage 3 expansion at Corpus Christi, Texas, and Venture Global LNG's launch of its Plaquemines plant in Louisiana, are expected over time to add 30 million tonnes per year to U.S. output capacity.

Europe remained the preferred destination for U.S. LNG exports in December, with 5.84 million tonnes or 69% of the gas sold to the continent, compared to 5.09 million in November. Total exports to Asia grew slightly in December to 2.01 million tonnes, or 24%, up from 1.64 million or 21% of total exports in November. For all of 2024, Europe accounted for 55% of U.S. LNG exports, 34% went to Asia and 11% went mainly to Latin America with a few cargoes to the Middle East, mainly to Egypt and Jordan.

Biden bans offshore oil and gas drilling 2 weeks before leaving office

(Associated Press; Jan. 6) - President Joe Biden is moving to ban new offshore oil and gas drilling in most U.S. coastal waters, a last-minute effort to block possible action by the incoming Trump administration to expand offshore drilling. Biden, whose term ends in two weeks, said he is using authority under the federal Outer Continental Shelf Lands Act to protect offshore areas on the East and West coasts, the eastern Gulf of Mexico and portions of Alaska's Northern Bering Sea from future oil and gas leasing.

“My decision reflects what coastal communities, businesses and beachgoers have known for a long time: that drilling off these coasts could cause irreversible damage to places we hold dear and is unnecessary to meet our nation’s energy needs,” Biden said in a statement. Biden’s orders would not affect large swaths of the Gulf of Mexico, where most U.S. offshore drilling occurs, but it would protect coastlines along California, Florida and other states from future drilling.

Biden’s actions, which protect more than 625 million acres of federal waters, could be difficult for President-elect Donald Trump to unwind, since they would likely require an act of Congress to repeal. Trump himself has a complicated history on offshore drilling. He signed an order in 2020 directing the Interior secretary to prohibit drilling in the waters off both Florida coasts, and off the coasts of Georgia and South Carolina until 2032. The action came after Trump initially moved to vastly expand offshore drilling, before retreating amid widespread opposition in Florida and other coastal states.

LNG Canada close to start-up, ending long wait for gas producers

(Calgary Herald columnist; Jan. 4) - It’s taken more than a dozen years to reach this point, but get ready for Canada’s long-awaited LNG industry to finally start up in 2025. “This is pretty groundbreaking. We’ve never, ever, had a customer for our natural gas other than the United States,” said Phil Hodge, CEO of junior gas producer Pine Cliff Energy. “Over 10% of all of our production will instantly be exported to the biggest markets in the world, which are (in) Asia.”

The LNG terminal start-up will come a year after the Trans Mountain pipeline expansion project began shipping Canadian oil to customers in Asia and the U.S. The Shell-led LNG Canada project in Kitimat, British Columbia, will export about 1.8 billion cubic feet per day. Phase 1 of the project is more than 95% complete. “With commissioning and start-up activities well underway, we remain on track to ship first cargoes by the middle of 2025,” an LNG Canada spokesperson said Jan. 2 in a statement.

Canada has been waiting for years to see the first major LNG export facility built, while the U.S. has become the world’s largest liquefied natural gas exporter. In 2012, Shell and its partners announced they were jointly studying the development of the proposed LNG Canada facility. It received the green light to proceed in 2018. In 2025, construction will also take place on the smaller Woodfibre LNG and Cedar LNG projects in British Columbia. “It’s hard to believe that we are right on the doorstep of a historical moment where we could send that first ship off the West Coast,” Hodge said.

Large U.S. banks withdraw from climate action coalition

(Wall Street Journal; Jan. 2) - U.S. megabanks want to leave behind some of their green finance pledges. Morgan Stanley, Citi group and Bank of America this week withdrew from an ambitious pandemic-era climate coalition designed to help drive a shift to reduce carbon emissions by businesses. That followed withdrawals over the past month by Wells Fargo and Goldman Sachs from the United Nations-backed coalition, known as the Net-Zero Banking Alliance.

JPMorgan Chase, the largest bank in the nation by assets and the only major U.S. bank left in the coalition, is also considering withdrawing, a person familiar with the matter said. Members of the coalition, launched in 2021, vowed to align “lending, investment and capital markets activities with net-zero greenhouse gas emissions by 2050.” The exodus from the coalition reflects a broad pullback by companies ahead of the second Trump administration from environmental, social and corporate-governance initiatives.

Banks have faced harsh condemnation over ties to the coalition from Republicans who have argued it amounted to a boycott of the oil and gas industries. The initiatives became a craze on Wall Street years ago but have since been maligned by conservative groups. Right-leaning advocacy groups have been pressuring companies to abandon so-called ESG efforts. The lobbying campaigns and legal challenges are only expected to pick up with the incoming administration cheering on the efforts.

China’s independent oil refiners in trouble amid oversupply

(Bloomberg; Jan. 5) - China’s independent oil refineries face a reckoning this year as Beijing tackles overcapacity in the industry, and as the crude they rely on becomes a lot scarcer. Over a fifth of the country’s oil refining is handled by smaller, privately owned outfits, many of them in the eastern province of Shandong. These independents, dubbed teapots, have a reputation as wily operators that navigate thin margins. Some may now be at a tipping point where none of their old tricks to stay profitable will work.

China is the world’s top crude importer and the teapots are a cornerstone of a market that has driven gains in global oil demand for a decade. But three firms in Shandong went bankrupt late last year and more failures are predicted. “This year, oversupply in China’s oil market will grow further,” said Mia Geng, an analyst at industry consultant FGE. “We could see more teapot shutdowns, both temporary and permanent.” The teapots are at this pass because China’s economy is slowing and getting greener.

Blame electric vehicles, but demand for the fuels they produce, such as gasoline and diesel, is shrinking. And tighter restrictions on cheaper, sanctioned oil from places like Russia and Iran is choking off much of their supply. About 40% of gasoline and diesel sold by teapots wasn’t properly taxed last year, according to research from China

National Petroleum Corp., the nation's biggest oil company. Fiscal constraints mean that authorities are no longer willing to shield teapots from their tax responsibilities.

Russian LNG carriers idling in Arctic waters, waiting for orders

(The Barents Observer; Norway; Jan. 3) - For at least a week, the Christophe de Margerie LNG carrier has been lying idle in the icy waters of the Kara Sea. Judging from ship traffic data, the vessel has been drifting along the eastern shores of archipelago Novaya Zemlya since Dec. 25. The 980-foot-long ship was the world's first LNG carrier with an ice-class Arc7 rating. Since late 2017, it has shuttled between Sabetta, the Russian LNG terminal in the Gulf of Ob, and the world market with liquified natural gas.

It is part of the Yamal LNG project, a large industrial endeavor treasured by the Kremlin. But now, the operations of the Christophe de Margerie appear to have been seriously hampered. The tanker named after the late leader of French oil company TotalEnergies is one of the 59 ships that were included in the 15th round of European Union sanctions against Russia, imposed on Dec. 16, particularly affecting maritime operations.

The sanctions have clear effects on the transportation of natural gas from the Russian Arctic. In addition to the Christophe de Margerie, another four LNG carriers now appear stalled in Arctic waters. While the Christophe de Margerie is waiting for further orders in the Kara Sea, the carriers North Way, North Mountain, North Air and North Sky are lying idle in the Pechora Sea. The latter are part of a new fleet of vessels that has been hired by Novatek and its affiliated companies. They are all built at South Korea's Samsung Heavy Industries in 2023 and 2024 and are all about the same size.

Opponents trying to stop restart of oil platforms offshore California

(Wall Street Journal; Jan. 2) - The Environmental Defense Center, a Santa Barbara-based nonprofit, is trying to block an effort to restart a defunct pipeline on the California coast and boost an offshore oil industry that for years has been fading into the sunset. The company behind that effort, Houston-based Sable Offshore, formed in 2020, said in a federal filing on Dec. 19 that it had received a waiver from California's Office of the State Fire Marshal that puts it on a path to restarting oil production early in January.

Sable's plan — to resume drilling at three offshore platforms and pump oil through a buried pipeline running for miles up the coast — is reopening old wounds. Many places are pro-environment and wary of pipelines but Santa Barbara was the first, with oil spills spawning an environmental ethic that is central to the city's identity. In 1969, a major spill at an offshore oil platform disgorged 100,000 barrels of crude into the channel — a catastrophe that helped launch an environmental movement in the U.S.

Sable said it plans to produce 1 million barrels of oil per month from the platforms that have been idle since a 2015 spill. Supporters say restarting operations would boost the economy and provide domestic oil produced under strict environmental standards. After the 2015 spill, ExxonMobil halted its operations at three offshore platforms and the pipeline operator, Plains All American Pipeline, was found guilty on criminal charges by a jury in Santa Barbara County. In February, Sable acquired the offshore unit and pipeline system. Exxon loaned the company more than $600 million for the purchase.

Business groups sue to block Vermont's new 'polluter-pays' law

(Associated Press; Jan. 3) - The U.S. Chamber of Commerce and an oil and gas industry trade group are suing Vermont over its new state law requiring that fossil fuel companies pay a share of the damage caused over several decades by climate change. The federal lawsuit filed Dec. 30 asks a state court to prevent Vermont from enforcing the law, which passed last year. Vermont became the first U.S. state to enact the law after it suffered catastrophic summer flooding and damage from other extreme weather.

The lawsuit argues that the state law is preempted by the federal Clean Air Act, and that the law violates the U.S. Constitution's commerce clauses by discriminating "against the important interest of other states by targeting large energy companies located outside of Vermont." The lawsuit also argues it is impossible to measure "accurately and fairly" the impact of emissions from a particular entity in a particular location over decades.

Under the law, the state treasurer, in consultation with the Agency of Natural Resources, is to report by Jan. 15, 2026, on the cost to Vermonters and the state from the emission of greenhouse gases from Jan. 1, 1995, to Dec. 31, 2024. The report will look at effects on public health, natural resources, agriculture, economic development, housing and other areas. It's a polluter-pays model affecting companies that produce fossil fuels or refine crude oil. The funds could be used for upgrading stormwater drainage systems, sewage treatment systems, roads, bridges, railroads and energy-efficiency programs.

Canadian oil and gas industry concerned about tariff trade war

(Calgary Herald; Jan. 2) - The news that President-elect Donald Trump could slap a 25% tariff on Canadian goods upon taking office in January sent a jolt of alarm through the entire Canadian economy, but the alarm in the oil patch has only deepened as Ottawa and the provincial governments threaten to target energy exports in retaliation. Energy producers and fuel companies on both sides of the border are growing concerned that commodity flows could be disrupted if a tit-for-tat trade war erupts.

One of the country's largest integrated oil producers, Cenovus Energy, which owns refineries and interests in facilities in Canada and the U.S. Midwest and Texas, warned against tariffs or retaliations over oil. “Any trade barriers that might be imposed on this free flow of trade could have a serious negative impact on both sides of the border,” Cenvous spokesperson Reg Curren said. “It will also increase the price American families and consumers pay for finished products, such as gasoline, diesel, aviation fuel and asphalt — of which Cenovus is a leading producer.”

Canada is reliant on U.S. demand for its energy exports, but U.S. refineries have also grown increasingly dependent on Canadian crude, the exports of which to the U.S. have doubled since 2010 to nearly 4 million barrels per day from 1.9 million, according to data from the Canada Energy Regulator and the U.S. Energy Information Administration. Still, the sector could be drawn into a trade war if the Canadian government and the provincial governments decide to throttle energy exports in a bid for leverage.

Oil and gas execs expect faster permitting under Trump

(Reuters; Jan. 2) - U.S. energy executives expect faster permitting times for drilling on federal lands under President-elect Donald Trump, according to a Federal Reserve Bank of Dallas survey released on Jan. 2. The overall outlook brightened and activity levels increased while uncertainty declined in the final quarter of 2024, according to a December survey of 134 energy firms in Texas, Louisiana and New Mexico.

Trump has vowed to lower gasoline prices and speed up permitting for energy projects under his "drill, baby drill" campaign mantra. A third of executives polled said they think the permitting process will become significantly faster over the next four years. "We are anticipating that regulatory compliance issues will decrease, primarily due to an incoming administration that is pro-business and pro-fossil-fuel production," said one exploration and production firm executive who was not identified by the Dallas Fed.

Trump's transition team is set to quickly roll out a wide-ranging energy package that includes approval of export permits for new liquefied natural gas export projects and increased federal land and offshore oil drilling. The new administration’s policies also could benefit hard-hit oil field services firms, some executives said, citing a fresh bout of optimism for the first quarter of 2025.

Venezuela’s oil exports highest since 2019

(Reuters; Jan. 3) - Venezuela's oil exports rose 10.5% last year despite political instability and changes to the U.S. sanctions regime on the country, as partners of state oil company PDVSA took more cargoes under licenses granted by Washington. As President Nicolas Maduro gets ready to start his third term in office next week following disputed election results, the OPEC country's oil exports rose for a second consecutive year, providing revenue to contribute to the country’s economy.

U.S.-sanctioned PDVSA and its partners exported an average of 772,000 barrels per day in 2024, the most since 2019 when the U.S. imposed energy sanctions. Venezuela oil exports to the U.S. soared 64% to some 222,000 barrels per day last year, making it its second-largest market behind China, which took 351,000 barrels per day, down 18% compared to 2023. The export gains to the U.S. could be in jeopardy after Donald Trump returns to the White House. Trump put strict sanctions on Venezuela in his first term and has selected officials who could seek to cut U.S. imports of Venezuelan oil.

Outgoing President Joe Biden's administration gave incentives to encourage a presidential election in Venezuela, but after basic conditions for fair voting were not secured it ended a broad license for the energy sector, instead issuing individual licenses to exporters. A large portion of the year's export gains came from Chevron's shipments of Venezuelan crude to the U.S. That license from 2023 has allowed the producer to recover millions of dollars in outstanding debt from Venezuela.

Equinor lines up $3 billion financing for New York wind power project

(Reuters; Jan. 2) - Norway's Equinor said on Jan. 2 that it had secured a financing package of more than $3 billion for its Empire Wind 1 offshore wind power project to serve New York. The company expects the total capital investments, including fees for the use of the South Brooklyn Marine Terminal, to come in around $5 billion, including the effect of future tax credits.

Equinor intends to take in a partner for the project to reduce its financial exposure, it added. Empire Wind 1 will power 500,000 New York homes and is expected to reach commercial operations in 2027, according to Equinor. The project could include as many as 130 offshore wind towers, generating up to 2 gigawatts of power.