

# Oil and Gas News Briefs

## Compiled by Larry Persily

### July 3, 2025

#### **Upcoming surge in LNG export capacity could create buyers' market**

(Bloomberg; July 3) - After years of tight supply and wild price swings in the global gas market, there are signs of something different: too much of a good thing. LNG Canada, the Shell-led project in British Columbia, just exported its first shipment of liquefied natural gas. An even larger LNG export plant in Texas — Golden Pass — told U.S. regulators that, after delays, it expects to begin startup activities in October.

This is just the beginning. A series of roughly two dozen new projects from North America to the Mideast is expected to lift export capacity more than 40% by 2030, likely outstripping demand growth and transforming the market. For comparison, capacity grew just 8% between 2020 and 2024. The U.S., the world's top exporter, is forecast to double shipments by 2030, while Qatar wants to lift production 85%. The tidal wave isn't a shock to the market. Many of the projects were approved even before the pandemic.

But supply-chain bottlenecks and high costs repeatedly pushed back start dates. The loss of Russian gas to Europe after the invasion of Ukraine further tightened the market, resulting in consistently higher prices that have raised questions about demand from emerging nations. Now, some Asian buyers are delaying long-term deals because they can see a looming production surge ahead — and better terms. After years of seller dominance, global gas traders should prepare for a buyers' market.

#### **First cargo leaves LNG Canada for Asia**

(Reuters; June 30) - A tanker carrying the first cargo of liquefied natural gas from LNG Canada left June 30 from British Columbia's northern coast, heralding the commercial startup of the Shell-led export terminal and ushering in Canada's long-awaited debut in the global LNG market. The GasLog Glasgow, a vessel chartered by Shell, is expected to deliver the country's first large-scale cargo of LNG to Asia in the coming days.

The inaugural cargo comes nearly 15 years after the first application for a license to export LNG from the West Coast was submitted to federal regulators. Since that time, more than a dozen LNG projects aiming to capitalize on Canada's shorter shipping distances to Asia and abundant supply of gas have come and gone amid political flare-ups over pipelines, tightening environmental standards and shifting market dynamics. Construction on the 14-million-tonne-a-year project started almost seven years ago.

A lot of “hopes and dreams” are tied to LNG Canada, said Ian Archer, an expert in North American gas markets at S&P Global. “Not only for the backers of the project to prove that it works, but also for a lot of the projects that are now in the queue to say, ‘Look, we can do this,’” Archer said. “It’s really a very significant event for Canadian natural gas, because not only does it provide the first gas ... it also proves that the concept works and says that this is something that we can push forward and expand.”

LNG Canada’s joint-owners — Shell, Malaysian energy giant Petronas, PetroChina, Mitsubishi and Korea Gas — are currently deciding whether to green-light Phase 2, which would double the capacity of the plant at Kitimat, British Columbia.

### **Companies look at new pipelines to move Appalachia shale gas**

(Reuters; June 30) - Companies are eyeing renewed opportunities to build gas pipelines to tap Appalachia shale formations in Pennsylvania, Ohio and West Virginia, buoyed by President Donald Trump’s pro-energy policies and expectations that demand for the fuel will rise in coming years. The U.S. is already the world’s top gas producer and exporter of liquefied natural gas. While the country helps meet fuel demand around the world, many consumers in the U.S. Northeast do not have access to gas due to a lack of pipelines and instead continue to use heating oil in their homes and businesses.

The Appalachia shale fields, which cover the Marcellus and Utica formations, have the largest gas reserves in the U.S., but energy companies have limited ability to move more of that fuel to the rest of the country because most existing pipelines are already near full. In addition, companies have found it tough to build new projects in the region due to legal and regulatory pushback from states and local and environmental groups.

Production growth in the region, which produces about a third of the nation’s gas, has stalled in recent years after some firms lost billions on delayed or canceled pipes. But now, as Trump rolls back regulations to boost domestic energy production, several U.S. firms, including Williams Cos., Boardwalk Pipeline, DT Midstream and EQT, have proposed building or expanding pipelines and other infrastructure in the Northeast.

Output from Appalachia has increased every year since at least 2009 when the region produced 1.7 billion cubic feet per day of gas. Looking forward, output is expected to hit 36.2 bcf per day in 2026, according to Energy Information Administration projections.

### **U.S. power plant emissions climb higher with more coal consumption**

(Reuters columnist; July 1) - U.S. power-sector emissions are already at their highest levels in three years but will likely go higher during the peak summer months as greater use of air conditioning systems drives higher generation from coal and natural gas

plants. Over the first five months of 2025, U.S. power sector emissions from the burning of fossil fuels were up 5% to around 640 million tons, according to data from Ember.

The increase from the same months a year ago stems mainly from higher use of coal within the U.S. generation mix, as power firms have so far cut back on natural gas use from a year ago after gas prices rallied. However, power firms are starting to dial up generation from both coal and gas in order to meet higher electricity demand from homes and businesses tied to the greater use of power-hungry air conditioners.

Those higher generation trends will in turn further lift power sector pollution totals, even as electricity production from clean power sources such as solar farms hit record highs. Over the first half of 2024, U.S. coal-fired power generation climbed by 14% from the same period in 2024 to 14.9 million megawatt hours (MWh), according to data from LSEG. The chief driver behind the rise in coal use was a steep rise in the price of natural gas during the opening quarter of the year, which applied fresh cost pressure on utilities and spurred higher use of cheaper coal within generation mixes.

### **Ohio's groundwater at risk from orphan oil and gas wells**

(The Ohio Newsroom; June 30) - Scientists from the U.S. Geological Survey recently released research showing where groundwater is most at risk of contamination by orphan oil and gas wells. Appalachia — including parts of eastern Ohio — is high on the list. “There’s been a long history of oil and gas drilling in the Appalachian Basin, and especially in parts of Ohio,” said Josh Woda, a hydrologist with the USGS New York Water Science Center and one of the study’s authors.

Orphan wells no longer produce oil and gas, and they don’t have an identifiable owner, so the responsibility to take care of them often falls to the state or federal governments. There are more than 20,000 of these wells in Ohio, according to a USGS database. “But these are just the documented orphan wells,” Woda said. “There may be more where we actually don’t know where the locations are.” In Ohio, many orphan wells were drilled a long time ago, when there were fewer regulations in place to protect aquifers.

Woda said the high number and age of wells in the area make it more likely they could contaminate groundwater. Orphan wells provide a pathway for contaminants deep underground to get into shallower aquifers. “You can imagine if an orphan well was drilled through an underground coal mine that’s since collapsed, there might be some concerns,” Woda said. The study found that about half of the country’s documented orphan wells are in aquifers that supply over 90% of the water we consume.

## **BP may have lost market credibility and value, analyst says**

(The New York Times; July 1) - Speculation has been building that BP could be acquired by a competitor. Its lackluster returns and low share price made it a tempting takeover target. The situation came to a head last week when Shell issued a denial of merger talks between the two companies. BP, one of the world's largest energy companies, is beginning to take steps to enhance its appeal to investors, including cutting costs and bolstering oil and gas operations that produce the cash to fund its large dividends.

It may struggle, though, to shake off the impression that it is a troubled company in danger of losing control of its destiny. BP's predicament is a reversal for a company that was one of the oil industry's most adventurous. At the end of the past century, BP CEO John Browne helped lead a merger wave with deals worth tens of billions of dollars for companies like Amoco and Arco, two large U.S. oil producers. Browne was also at the forefront of a foray by Western energy companies into Russia. Under Browne's successors, though, BP has been blown off course by a series of mishaps and worse.

The Deepwater Horizon drilling rig explosion in 2010 caused a major environmental disaster in the Gulf of Mexico and killed 11 people. It still haunts the company, which continues to pay around \$1 billion a year in damages. The most recent missteps followed the appointment of Bernard Looney as CEO in 2020. Looney began reshaping BP's activities toward cleaner energy that some investors and analysts applauded. His plan included investing heavily in green energy while reducing oil and gas production.

The timing proved unfortunate. Oil prices, which had plummeted during the pandemic, rose after Russia's invasion of Ukraine in 2022, making BP's plans to reduce oil output a turnoff for investors. And higher prices for materials and equipment and a rise in interest rates hurt some renewable projects like offshore wind, where Looney placed big bets. More recently, the Trump administration has largely quashed offshore wind development in the U.S. "BP's failed four-year transition experiment has destroyed market credibility and value," Irene Himona, an analyst at research firm Bernstein, wrote in a note in May.

BP once had a reputation as the home of skilled explorers for oil and gas, but rebuilding that business after years of starving it may not be easy. In this decade, Himona said, the company has been finding enough oil and gas to replace just 40% of the reserves it pumped. "BP's main issue is it's stuck between strategies," said Raghavendra Rau, a professor at the Judge Business School at the University of Cambridge.

## **U.S. and China moving in different directions for energy future**

(The New York Times; June 30) - In China, more wind turbines and solar panels were installed last year than in the rest of the world combined, and China's clean energy boom is going global. Chinese companies are building electric vehicle and battery

factories in Brazil, Thailand, Morocco, Hungary and beyond. At the same time, in the U.S., General Motors just killed plans to make electric motors at a factory near Buffalo, N.Y., and instead will put \$888 million into building V-8 gasoline engines there. The race is on to define the future of energy.

Even as the dangers of global warming hang ominously over the planet, two of the most powerful countries in the world, the United States and China, are pursuing energy strategies defined mainly by economic and national security concerns, as opposed to the climate crisis. Entire industries are at stake, along with the economic and geopolitical alliances that shape the modern world. The Trump administration wants to keep the world hooked on fossil fuels like oil and gas, which have powered cars and factories, warmed homes and fueled empires for more than a century.

The U.S. is the world's largest producer of oil and the largest exporter of gas, offering the potential for what President Donald Trump has called an era of "energy dominance" that eliminates dependence on foreign countries, particularly rival powers like China. China, however, is racing in an altogether different direction. It's banking on a world that runs on cheap electricity from the sun and wind, and that relies on China for affordable, high-tech solar panels and turbines.

### **Houston office vacancy rate rises as oil and gas industry cuts back**

(Bloomberg; June 30) - President Donald Trump is championing a revival of American fossil fuels with calls to "drill baby drill." But in the U.S. energy capital, a pullback in the industry has already left its mark. Houston office buildings once packed with oil executives, engineers and energy traders are now marked by darkened floors and fewer desks. A wave of consolidation — with more than \$450 billion of oil and gas deals since the start of 2023 — has led companies to cut jobs and abandon corporate campuses.

The Houston market's office vacancy rate reached 27.9% in the first quarter, trailing only San Francisco as the worst among major U.S. metropolitan areas, according to brokerage Colliers. In a region known for sprawl, offices that were built decades ago have now been rendered obsolete as companies instead take advantage of cheap land to develop newer properties. The real estate that was once a symbol of Houston's oil-fueled prosperity has become a glaring reminder of an industry recalibrating for a leaner future, in contrast to Trump's calls for new energy dominance.

"We've seen this happen over and over again, and I don't think it's going to stop," said Louis Rosenthal, head of energy real estate at Jones Lang LaSalle. Energy has "become a much more efficient industry and occupier of office space." The biggest pain lies in aging properties built in the 1980s oil boom. They account for more than half of Houston office space but are the hardest to fill. Eric Siegrist, executive managing director at Cushman & Wakefield in Houston, estimates that about 30% of the office buildings from that era are in financial distress.

## **Saudi Arabia, Abu Dhabi cut back on acquisitions amid low oil prices**

(Financial Times; London; June 30) - Two of the Middle East's largest oil companies are scaling back their multibillion-dollar acquisition sprees as expectations of a sustained drop in oil revenues curb their global dealmaking. Saudi Aramco, the world's number-one crude producer, and Abu Dhabi National Oil Co., known as ADNOC, have been the industry's most active buyers over the past three years, announcing more than \$60 billion of acquisitions to expand into gas, chemicals and lubricants.

But advisers and people familiar with their thinking said the Gulf energy giants have slowed their merger and acquisition activities to reassess, as the impact of lower oil prices starts to bite. Benchmark crude prices have fallen from more than \$80 a barrel in January to \$67 this week, despite jumping during the recent conflict between Israel and Iran. Analysts expect oversupply in the oil market to put further pressure on prices. Saudi Arabia has already said it will "take stock" of its spending as a result of lower crude prices, which have now fallen below break-even levels for some Gulf countries.

A senior energy banker said Saudi Aramco and ADNOC had been told by their government owners to "focus more on dividends and less on growth." Some deals were likely to continue, said the people close to the companies, particularly in gas, but not at the same pace. "In any uncertain environment, there's a need to be more selective," said one executive. Any pullback would ripple across the global energy mergers and acquisitions landscape, given the scale of the activity by the Gulf companies. Saudi Aramco's annual net income moves by \$900 million for every \$1 change in the oil price.

## **Russia's Arctic LNG 2 plant reaches record production level**

(Reuters; June 30) - Russia's sanctioned Arctic LNG 2 project raised production to record levels during the last days of June as the facility appears to have resumed loading cargoes. Natural gas input at the Novatek-led facility averaged almost 500 million cubic feet per day on June 28 and June 29, according to a person with knowledge of the matter. That's the highest daily level for the plant, data shows, though just 20% of the plant's eventual full production capacity.

In December 2023, when it was launched, Arctic LNG 2 pumped an average of 480 million cubic feet of gas a day. The facility above the Arctic Circle is key for Russia's ambition to triple LNG production by 2030. Those plans were squeezed by international restrictions after the invasion of Ukraine, but an LNG tanker appeared to load a cargo several days ago, suggesting Russia may be finding ways around the penalties. If the owners can finish construction and operate all three liquefaction trains at full capacity, the \$20 billion plant could liquefy as much as 2.6 billion cubic feet of gas per day.

The Iris tanker — previously known as North Sky and blacklisted by the U.S, the European Union and the U.K. — left the marine terminal on June 29. Its draft level has increased, potentially indicating the tanker loaded a cargo, according to ship-tracking data compiled by Bloomberg. The tanker is heading toward the Arctic port of Murmansk, where it's expected to arrive on July 2. Novatek uses waters near Murmansk to transfer LNG cargoes from ice-class vessels to conventional tankers for delivery to buyers.

### **Chinese shipyards build record number of LNG tankers**

(Bloomberg; July 1) - Chinese shipyards building liquefied natural gas tankers are defying the nation's economic slowdown as strong demand sees them set to deliver a record number this year. The builders saw income more than double in the first five months of the year, even as industrial profits contracted in an economy strained by higher U.S. tariffs and lingering deflationary pressure.

The biggest LNG shipbuilder, the Hudong-Zhonghua shipyard, will deliver 10 tankers by year-end — contributing to a national record — and has an orderbook of 150 billion yuan (\$21 billion) for 60 vessels waiting to be delivered by 2031, according to national broadcaster Chinese Central Television. China is benefiting from a boom in demand for LNG, the fastest-growing fossil fuel, as production expands in the U.S. and Qatar and as Chinese importers seek independent fleets to increase their trading power.

Global LNG vessel deliveries rose more than 60% to 67 units last year, taking the global fleet to 831, with an additional 103 scheduled to be delivered in 2025, according to the International Group of LNG Importers. The orderbook represents almost half of existing fleet capacity, it said. China's manufacturers have halved construction time for LNG tankers to 15 months. The nation is expected to have built 15% of the global LNG fleet once all orders are complete — more than double current levels — but will still trail far behind top shipbuilder South Korea, according to BloombergNEF.

### **Pakistan has more LNG than needed, hurting domestic gas producers**

(Reuters; July 1) - Pakistan is exploring ways to sell excess liquefied natural gas cargoes amid a gas supply glut that could cost domestic producers \$378 million in annual losses, according to a presentation and a government official familiar with the matter. The country has at least three LNG cargoes in excess that it imported from top supplier Qatar and has no immediate use for and is currently selling natural gas at steep discounts to local users, a second government official said.

Power generation from gas-fired power plants, which has historically accounted for a lion's share of LNG use in the country, has declined for three straight years ended 2024, with cheaper solar power use dramatically gaining at the expense of gas-fired



generation, data from energy think-tank Ember showed. That has forced domestic producers of the fuel to curb gas production.

Pakistan is exploring the possibility of transferring LNG cargoes to rented tankers for "offshore storage and onward sale," state-owned oil and gas producer OGDCL said in a presentation to industry and government. "Excess LNG in the gas network has resulted in significant production operations impact for local exploration and production companies over the past 18 months," OGDCL said. The domestic industry could suffer \$378 million in losses over the next 12 months at the current rate of curtailed production, according to the presentation dated May 29 reviewed by Reuters.

### **Mideast conflict shows Egypt's dependency on Israel's natural gas**

(Reuters; June 30) - Egypt was one of the biggest economic losers of the Middle East's 12-day war after Israel shut down vital gas exports to its neighbor. The pipeline linking the two countries was turned back on after Israel and Iran agreed to President Donald Trump's ceasefire on June 23, but the episode highlights Egypt's vulnerability and fading hopes that the Eastern Mediterranean could become a major gas export region.

The discovery and development of enormous offshore resources near Egypt, Israel and Cyprus in the 2000s has radically transformed the region's energy landscape. The surge in production was a boon for Egypt in particular. The discovery in 2015 of the Zohr field, the biggest gas deposit in the region, and its rapid development by 2017 offered Egypt critical energy for its domestic market as well as vital income from exports of liquefied natural gas, which reached 7 million tonnes in 2022, nearly 2% of global supply, according to data from analytics firm Kpler.

Things started to go awry for Egypt when production began declining rapidly. Output dropped from a peak of over 6 billion cubic feet per day in early 2021 to 3.5 bcf per day by April 2025. Egypt's woes were compounded by the rapid population growth from 100 million in 2015 to 115 million by 2023. With domestic production insufficient to meet its own needs, Egypt in 2020 started to import gas from Israel, which has its own large offshore reserves. That flow stopped on June 13, hours after Israel launched a wave of airstrikes on Iran. Though the flow soon resumed, it highlighted Egypt's dependency.

### **Unused floating LNG import terminal leaves Germany**

(Bloomberg; June 30) - A floating liquefied natural gas import terminal chartered by Germany left its temporary location in recent days, signaling that the contentious project to boost energy security is unlikely get back on track anytime soon. The regasification vessel Energos Force reached the Dutch harbor of Rotterdam on June 26 and is now heading toward Gibraltar, according to ship-tracking data. At the height of Europe's



energy crisis, the government had chartered the ship for a terminal near Hamburg known as Stade and had planned to begin operations at the end of last year.

The project was thrown in limbo in recent months, however, after a dispute between the operator and developer resulted in Germany looking to sub-charter the ship to a user elsewhere. The ship had been temporarily idling off the coast of Denmark. The onshore import facilities are still under construction and haven't been used for gas imports. While Germany's rapid construction of LNG import terminals in the aftermath of the energy crisis is often touted as a rare engineering feat in the face of staggering bureaucracy, the problems it has faced with some sites show the rollout hasn't been easy.

In addition, many of the imports coming through operational terminals this year have been going elsewhere in Europe rather than benefiting Germany. A spokesperson for the economy ministry said the government wants to sublet the ship due to budget concerns. The terminal site operator was in talks with project developer Hanseatic Energy Hub, though both sides canceled their contract earlier this year.

### **Australian regulator may protect gas supply for domestic use**

(Reuters; June 30) - The Australian government said on June 30 it will consider creating a natural gas reservation on the country's East Coast as part of a sweeping review of market rules to prevent supply shortages. The competition regulator has warned of shortfalls for the country's populous coast, with the latest forecast pointing to a gap by 2028 without new investment. Most gas reserves are located in the remote northwest.

Australia, which exports more gas than it consumes, is keen to maintain its reputation as a reliable exporter of liquefied natural gas and that will be a major aim of the review. Market regulations under review include export controls, a mandatory code governing sales of the fuel on the East Coast and government agreements with major producers.

"It's critical that we use this review to get the settings right in our gas market, ensuring we are securing affordable Australian gas for Australian use, while remaining a reliable energy exporter and delivering lasting energy security in our region," Climate Change and Energy Minister Chris Bowen said in a statement. The review will examine the "effectiveness and coherence" of the current rules, identify improvements and consider consolidating rules to create a more "stable regulatory environment" for investors.

### **Texas Supreme Court says produced water belongs to leaseholder**

(The Texas Tribune; July 1) - Texas is awash in billions of gallons of produced water brought to the surface in oil and gas drilling and fracking. Most produced water is injected into disposal wells. But since these wells were linked to earthquakes,

companies are seeking alternatives. The race is on to turn produced water from a waste stream into a valuable product. These new enterprises are raising thorny legal questions about produced water and who owns it.

On June 27, the Texas Supreme Court ruled in *Cactus Water Services v. COG Operating*. The ruling in favor of COG stated that the drilling company that holds the oil and gas lease, not the surface owner, owns the produced water. The ruling said that produced water is oil and gas waste and therefore part of the mineral rights estate, not the surface estate. The justices wrote that if a landowner wants ownership of the produced water, that must be agreed to directly in leases.

“Produced water is not water,” the court wrote. “While produced water contains molecules of water, both from injected fluid and subsurface formations, the solution itself is waste — a horse of an entirely different color.” John McFarland, an oil and gas and mineral rights attorney in Austin, said, “It’s a really new issue of whether produced water has any value.” To create value, Texas is running pilot projects using treated produced water to grow crops. Produced water could also be mined for critical minerals and rare earth elements. All that makes the ownership of produced water an issue.