Oil and Gas News Briefs
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Global oil surplus affects prices more than Israel-Iran fighting

(Bloomberg columnist; June 24) - After the war, the hangover. While hysteria about the closure of the Strait of Hormuz gripped the oil market for the past few days, the reality couldn't be more different: A wave of Persian Gulf crude was forming. Now, the swell is heading into a global oil market that's already oversupplied — hence Brent crude trading below $70 a barrel on June 24. The Northern Hemisphere summer, which provides a seasonal lift to demand for power generation, is the last obstacle before the glut becomes plainly obvious. Oil prices are heading down — quite a lot.

If anything, the Israel-Iran "12-Day War" has worsened the supply/demand imbalance even further — not just for the rest of 2025, but into 2026 too. On the demand side, geopolitical chaos is bad for business — let alone tourism. Petroleum consumption growth, already quite anemic, is set to slow further, particularly in the Mideast. But the biggest change comes on the supply side: The market finds itself swimming in oil, and one of the countries pumping more than a month ago is Iran. That bears repeating: Iranian oil output is up, not down, despite nearly two weeks of Israeli and U.S. bombing.

Across the Persian Gulf, Saudi Arabia, Kuwait, Iraq and the United Arab Emirates are all pumping more than a month ago. In the oil market, history is a good guide. Look at what happened after the first Gulf War in 1990-1991, or the second in 2003. Amid the fighting, oil keeps flowing — often at greater volumes. When the fighting ends, the flow goes even higher. The Iran-Israel conflict isn't over. The ceasefire is, at best, tentative. Other disruptions may change the outlook. But for now, the world has more oil than it needs.

Oil drops nearly 15% over two days of ceasefire

(Bloomberg; June 24) - Oil plunged for the second straight day as U.S. President Donald Trump signaled that he wants to keep oil flowing out of Iran after brokering a fragile ceasefire between Tehran and Israel. West Texas Intermediate crude plunged by nearly 15% over two sessions to settle near $64 a barrel on June 24, while Brent was just above $67. Prices have slumped amid the significant de-escalation of the conflict that has rocked the energy-rich Middle East.

Trump said in a social media post that China can continue buying Iranian oil and that he hopes the country will also be purchasing "plenty" from the U.S. Crude fell further as both sides made de-escalatory remarks. The move is a stark departure from an earlier U.S. strategy of squeezing Iran's energy exports for negotiating pressure, a move many investors thought might be contingent on upholding the ceasefire or assurances on nuclear intentions, said Rebecca Babin, a senior energy trader at CIBC Private Wealth.

Crude declined sharply this week despite the arrival of a long-feared clash that saw America bomb Iran's nuclear sites and the Islamic Republic retaliate against U.S. bases in Qatar. While prices spiked in the wake of Israel and America's initial attacks, the conflict hasn't had any significant impact on oil flows from the Persian Gulf, and exports from Iran have surged.

Shell reportedly in early stage talks to acquire BP

(Wall Street Journal; June 25) - Shell is holding early stage talks to acquire rival BP in what would be the largest oil deal in a generation, people familiar with the matter said. Talks between company representatives are active, the people said, and BP is considering the approach carefully. Acquiring BP would put Shell on firmer footing to challenge larger competitors such as Exxon Mobil and Chevron. It would be a landmark combination of two so-called supermajor oil companies, a group of multinational behemoths that dominate the production of the world's most important energy sources.

Potential terms of any deal couldn't be learned and a tie-up is far from certain, the people familiar with the matter warned. The discussions are moving slowly, one of the people added. Shell said after The Wall Street Journal reported of the talks that the report "is further market speculation." BP is currently valued at around $80 billion. Taking into account a premium, a deal could end up as the largest corporate oil deal since the $83 billion megamerger that created Exxon Mobil at the turn of the century.

Shell comes into the talks operating from a position of strength, with its stock sharply outdoing BP in recent years. Shell has a market value of over $200 billion. BP has been the laggard among majors after an ill-fated push away from fossil fuels into renewable energy. It has also suffered years of management upheaval and operational disasters. BP announced plans earlier this year to boost oil and gas production and sharply cut investments in clean energy. Shell meanwhile has focused on its most profitable operations, pledging to pump more oil and gas and roll back green energy targets.

For Shell, acquiring BP would take years of integration, complicated by culture clashes and possibly the sale of overlapping assets. But a deal could give Shell's global trading business greater reach and bolster its dominance in areas like liquefied natural gas.

Tokyo Gas in talks for long-term U.S. Gulf Coast LNG supplies

(Bloomberg; June 25) - Tokyo Gas is in discussion with multiple U.S. liquefied natural gas suppliers to secure a long-term purchase agreement, as rising energy demand leaves Japan increasingly dependent on the fuel source. Japan's largest gas distributor is in talks with at least four companies over supply from projects dotting the U.S. Gulf Coast, according to people with knowledge of the matter. The exporters include Energy Transfer and Commonwealth, according to the people.

Tokyo Gas didn't immediately respond to emailed requests for comment. Energy Transfer also did not respond to Bloomberg queries, while Commonwealth declined to comment. The move comes as Japan prepares for a boom in power demand, thanks to data centers to support artificial intelligence and factories making semiconductor chips. The nation's government sees LNG as vital to energy security, and Japanese importers have been in talks to purchase supply even past 2050.

LNG from the U.S. tends to be more flexible than supply from other countries, as it allows the buyer to easily divert shipments should Japan's domestic demand falter or prices become more attractive elsewhere. Tokyo Gas is also expanding into upstream U.S. gas production. The company bought shale driller Rockcliff Energy in late 2023 and has reshuffled other U.S. interests, with the recent acquisition of Chevron assets in East Texas and the sale of an Eagle Ford stake to Shizuoka Gas.

Abu Dhabi National Oil Co. has big plans for U.S. energy investments

(Wall Street Journal; June 21) - Standing in one of Abu Dhabi's ornate palaces last month, the oil boss Sultan Ahmed Al Jaber presented President Trump with a gift: a single drop of oil from the emirate's Murban Bab oil field. "The highest-quality oil there is on the planet, and they only gave me a drop," Trump joked at the time. "So I'm not thrilled." If Al Jaber's ambitions are realized, the CEO of Abu Dhabi National Oil Co., Abu Dhabi's state-owned oil company, will soon have far greater offerings for Trump.

XRG, the company's international investment arm, plans to deploy billions of dollars in the U.S. It is part of the United Arab Emirates' goal to boost its energy investments in the U.S. to $440 billion over the next decade. It aims to take stakes in U.S. oil and gas fields and chemical and liquefied natural gas export plants, as well as power projects to support the development of artificial intelligence. Those aspirations position XRG to become one the largest foreign investors in U.S. energy.

During Trump's visit to Abu Dhabi, Al Jaber briefed him on the plans as the pair stood before a screen emblazoned with the phrase "Making Energy Great Again." Trump, who has aggressively courted foreign investment, was thrilled, said people familiar with the matter. The investment plan puts Al Jaber at the center of the relationship between the U.S. and the U.A.E., one of Washington's closest allies in the region based on their longstanding trade and security ties. ADNOC has emerged as one of the world's most ambitious — and well-funded — energy companies under Al Jaber's stewardship.

About a year ago, ADNOC purchased an 11.7% stake in an $18 billion LNG export terminal being built by the developer NextDecade at the Port of Brownsville, Texas. Abu Dhabi-owned companies and funds, including ADNOC and Mubadala Energy, have splurged billions of dollars on stakes in gas projects and energy companies in the U.S., Mozambique, Egypt and Azerbaijan — as well as chemical ventures in Europe.

Abu Dhabi company's offer for Santos part of global strategy

(The National; Abu Dhabi; June 22) - It would be the largest acquisition of an upstream international oil and gas company by a state-owned one. ADNOC's $18.7 billion bid for Australia's Santos, in partnership with private-equity giant Carlyle and Abu Dhabi's holding company ADQ, is a dramatic sign of its ambitions. It tells us important things about the strategy of Abu Dhabi National Oil Co., or ADNOC, and its role in reshaping the global oil and gas industry.

ADNOC made the offer through its international investment unit XRG, which, in its short life, has already made some big moves. XRG intends to become an $80 billion business focused on gas, chemicals and lower-carbon sectors. And it also aims to become a top-five integrated global gas business, with 20 million to 25 million tonnes of annual liquefied natural gas capacity by 2035. The company has already acquired LNG assets and gas purchase contracts in the U.S. and Mozambique, totaling about 4.4 million tonnes per year, alongside gas projects in Azerbaijan, Turkmenistan and Egypt.

ADNOC's LNG business depends on its Das Island plant and the under-construction Ruwais plant in western Abu Dhabi. But with plenty of demands on its domestic gas in the UAE, hitting competitive scale and geographic spread requires international expansion. Santos holds stakes in three LNG projects, with 7.5 million tonnes of annual LNG capacity, taking XRG almost halfway to its 2035 goal. The Papua LNG project, with an anticipated startup in 2028, will bring a further 1.3 million tonnes net to Santos. The addition of Santos and the completion of Ruwais would make ADNOC the world's fourth-largest LNG producing company, slightly ahead of Exxon Mobil and behind Shell.

LNG Canada starts production; eyes expansion decision next year

(Reuters; June 23) - The Shell-led LNG Canada facility in Kitimat, British Columbia, has produced its first liquefied natural gas for export, a spokesperson confirmed on June 22. The facility has not yet loaded its first export cargo, although LNG Canada said it remains on track to do by the middle of this year. The facility is the first large-scale Canadian LNG project to begin production and also the first major LNG facility in North America with direct access to the Pacific Coast, significantly reducing sailing time to Asian markets when compared with U.S. Gulf Coast facilities.

When fully operational it will have the capacity to export 14 million tonnes per year, according to company statements. Shell and its partners in the LNG Canada project are working toward reaching a final investment decision next year for doubling the project's capacity, Cederic Cremers, Shell's president of integrated gas, told Reuters. He added he expected the project's first phase to reach full capacity next year.

The project is a joint venture between Shell, Malaysia’s Petronas, PetroChina, Mitsubishi and Korea Gas. Once it enters service, Canadian gas exports to the U.S. will likely decline, traders said, as Canadian energy firms will have another outlet for their fuel. For now, the U.S. is the only outlet for Canadian gas. Canada has two smaller LNG export facilities also under construction on the Pacific Coast. The facilities, Woodfibre LNG and Cedar LNG, are expected to be completed between 2027 and 2028.

Cheniere decides to proceed with expansion at Corpus Christi LNG

(Offshore Energy; June 24) - Cheniere Energy has taken a final investment decision on a $2.9 billion project to expand its liquefied natural gas export facility on the La Quinta Ship Channel in South Texas. With a positive FID for the Corpus Christi Midscale Trains 8 and 9 and debottlenecking project, Cheniere has now issued full notice to proceed to Bechtel for the construction of the two trains next to the Corpus Christi Stage 3 project, which is another expansion of the plant that went online in 2018.

Trains 8 and 9 are expected to have a total liquefaction capacity of over 3 million tonnes per year of LNG, and other debottlenecking infrastructure will be built as part of the project. Cheniere believes this will contribute to the Corpus Christi LNG terminal reaching over 30 million tonnes in total liquefaction capacity later this decade.

In addition, Cheniere said it is developing further brownfield liquefaction capacity expansions at both the Corpus Christi and Sabine Pass (Louisiana) terminals. The company expects these expansions to be executed in a phased approach, starting with initial single-train expansions at each site. If completed, these would grow Cheniere’s total LNG production capacity at the two terminals to up to approximately 75 million tonnes per year by the early 2030s.

Mexico project needs extension of export authorization for U.S. gas

(bnamericas; June 23) - Mexico Pacific, the developer of the US$15 billion Saguaro Energia liquefied natural gas project in the Mexican state of Sonora, has asked the U.S. Department of Energy for a seven-year extension to a deadline for the start of exports. The company aims to import cheap natural gas from the U.S. and liquefy it in a 15-million-tonne-per-year facility in Puerto Libertad, mainly for export to Asia. Because the project uses U.S.-sourced gas, it requires Energy Department authorization.

Mexico Pacific has still not taken a final investment decision on Saguaro Energía and is struggling to raise financing for the project. Under its current permits, the deadline for starting LNG exports is December 2025. In an application to the department on June 18, Mexico Pacific said it would be unable to meet the deadline and asked for a seven-year extension to December 2032.

Among other factors, the company blamed changes to presidential administrations in the U.S. and Mexico and increased trade tensions between the two countries. "The presidential transition in the United States in January 2025 has contributed uncertainty as to how U.S.-Mexico trade relations might evolve," Mexico Pacific said. “Project financing arrangements require, prior to advancing to FID and starting full-scale construction, an extension that recognizes the amount of time that will be required to complete the project and place it into service,” the company said in a statement.

Shale oil protects U.S. from Mideast supply disruption

(Wall Street Journal; June 23) - With oil prices rising after the U.S. decision to bomb Iran, investors are quickly analyzing the nightmare scenario: an Iranian closure of the Strait of Hormuz, the world’s main energy shipping artery. Oil prices could hit triple digits in that event. But it would be a Pyrrhic victory for Iran, itself a major exporter, and would likely draw the U.S. further into the conflict in more than just military ways.

That is because the U.S. has a secret weapon as Middle East tensions soar — fracking. Whatever went through President Donald Trump’s mind when deciding whether to bomb Iran’s nuclear infrastructure, the economic calculus was made easier by the massive growth in America’s energy output. It greatly eases the sting of a broader conflict for consumers and investors. Back in 1977, just before the Iranian Revolution began and planted the seeds of the Second Oil Crisis, the U.S. had net imports of about 3.1 billion barrels of petroleum and refined products or 14 barrels per person.

Today, because of hydraulic fracturing, the U.S. has net exports of about 2.5 barrels per capita and is also the world’s largest seller of liquefied natural gas. The other thing about fracking that makes the U.S., and by extension the world, more resilient to any steps Iran could take to constrain oil and gas supply is its economics. While more costly and labor-intensive than a well drilled in the Mideast, shale is a proven resource that can be brought online in months, not years. And, in contrast to a conventional field, much of a shale well’s oil and gas is produced soon after it is completed.

Europe could pay higher prices for LNG if Strait of Hormuz is blocked

(Financial Times; London; June 23) - The potential risk to oil prices from tensions in the Middle East is well-recognized. But what about natural gas? On the face of it, the natural gas market does not look anything like as exposed as the oil market. A fifth of global oil consumption transits through the Strait of Hormuz, a narrow waterway bordered by Iran. While about a fifth of liquefied natural gas supplies also flows through the strait, LNG only accounts for between 10% and 15% of global gas consumption. The vast majority is still piped or used near the point of production.

Europeans may also be comforted by the fact that only 12% of the gas that flows through the strait is routed into Europe, according to data and analytics provider ICIS, with 82% destined for Asia. Yet the structure of the European gas market mean that any potential disruption to shipping through the strait would have a disproportionate impact.

Europe has already been hit by the sharp decline in Russian gas imports following the invasion of Ukraine. This has increased its reliance on LNG to about 40% of demand. What's more, about 60% of that LNG is acquired through the spot market, according to the Oxford Institute of Energy Studies, rather than through long-term supply contracts. That's gas that goes to the highest bidder. Should Asian countries be left short of Qatari LNG, they would compete vigorously for spot cargos, driving prices higher in Europe too. The question, of course, is how much higher.

Enbridge looks at expanding oil sands pipeline capacity to U.S. Gulf

(Bloomberg; June 23) - Enbridge and partner Energy Transfer are gauging interest in increased pipeline capacity that would help rising Canadian oil sands production reach more markets in the Midwest and U.S. Gulf Coast. The companies are marketing a project called the Southern Illinois Connector that would transport as much as 200,000 barrels of crude a day by reconfiguring and upgrading existing lines as well as building a new segment, Calgary-based Enbridge said in an e-mailed response to questions.

The operation is a response to industry demand for more shipping capacity from Flanagan, Illinois, to the U.S. Gulf Coast, the company said. The project, which would entail constructing a new pipeline connecting the Illinois oil hubs of Wood River and Patoka, is meant to accommodate rising Canadian oil production, with the International Energy Agency projecting the country's output will grow 680,000 barrels a day by the end of the decade. Most of the increase will come from the oil sands, driven by optimizations and debottlenecking, rather than new projects, the IEA said.

The Southern Illinois Connector would get Canadian oil from Enbridge's Mainline and connect to the Energy Transfer Crude Oil Pipeline at Patoka, Illinois, according to people familiar with the matter. That Energy Transfer pipeline, which can transport 470,000 barrels a day, delivers oil to a terminal in Nederland, Texas, that serves refineries in the Port Arthur area. The open season for the project, during which potential shippers can indicate interest, runs through July 18, Enbridge said.

Coal could benefit if LNG gets more expensive

(Reuters columnist; June 23) - Thermal coal may end up as a major beneficiary of escalating hostilities in the Middle East, as the fuel used to generate electricity becomes cheaper than one of its main competitors, liquefied natural gas. Much of the focus of the potential fallout from the conflict between Israel, and now the United States, and Iran is the threat to crude oil and refined fuels shipped through the Strait of Hormuz.

But all of Qatar's LNG also goes through the narrow waterway separating the gulfs of Persia and Oman, and this amounts to almost 20% of the global seaborne supply of the fuel. While there has yet to be any disruption of Qatar's LNG, the mere threat that Iran may attempt to block the strait or attack shipping has seen spot LNG prices rise in Asia, the biggest market. LNG for delivery to North Asia rose to $14 per million Btu in the week to June 20, a four-month high and up from $12.60 the prior week.

The weekly price assessment also came before the United States joined Israel's bombing campaign against Iran. The involvement of the United States makes it more likely that LNG prices will continue to rise to reflect the increased risk premium. But even at the current level, LNG is no longer competitive against thermal coal in the two major markets where fuel-switching can occur: Japan and South Korea. Converting the price of thermal coal into Btu shows that Australia's Newcastle coal benchmark is currently around $12.18 per million Btu, or a 13% discount to the spot LNG price.

Lower prices make higher-energy coal better deal for China and India

(Reuters; June 25) - Top thermal coal importers China and India are slashing Indonesian shipments of the power-generating fuel in favor of energy-dense grades from elsewhere as a global fall in prices has made higher-quality coal more competitive. Coal purchases by China and India from Indonesia, the world's biggest exporter, are dropping faster than their overall thermal coal imports, as both nations shift toward higher-calorific value coal that yields more energy per ton, industry officials say.

"Higher CV coal is more expensive but produces more energy for every dollar spent at current prices. One million tons of higher CV coal can replace 1.2 million to 1.3 million tons or even 1.5 million tons from Indonesia," said Vasudev Pamnani, director at India-based coal trader I-Energy Natural Resources. In China, Indonesian medium- and low-calorific thermal coal has been struggling to compete with discounted Russian supplies of similar grades, said Kpler analyst Zhiyuan Li.

Ramli Ahmad, president of Indonesian miner Ombilin Energi, said Indonesian coal could make a comeback if prices of higher grades rise due to the Middle East conflict, but lower-energy coal will suffer as long as more energy-dense grades are competitive. Mongolian coal in China and South African coal in India have been the biggest gainers at Indonesia's expense, with their shares touching record highs in these markets in the first five months of 2025, Chinese customs and Indian trade data showed.

Solar power installations set record in China in May

(Bloomberg; June 23) - China’s solar installations surged in May, setting a new monthly record as companies rushed to finish projects before the start of new rules that threaten to slash renewable power prices. The country installed 93 gigawatts of panels last month, according to data released by the National Energy Administration, four times more than in the same period in 2024. The previous record was 71 gigawatts in December. The May figure means China installed more solar capacity in a single month than any other country did in all of 2024, according to BloombergNEF data.

The May record followed strong additions in April, and pushed year-to-date installations to 198 gigawatts. That’s more than 1 gigawatt installed every day in the first five months of the year. Solar installations in China typically surge in December, but the peak was brought forward this year by two new policies. One rule that went into effect May 1 made it more difficult to connect rooftop panels to the grid, while another that started June 1 removed pricing protections that had all but guaranteed profit for solar projects.

Installations are likely to slow from June, which is bad news for the country’s beleaguered solar manufacturers, many of whom have been suffering steep losses as overcapacity drives prices to record lows. “Manufacturers are competing with each other for limited orders,” research firm Shanghai Metals Market said in a note last week. “Demand is expected to remain sluggish in July and a full-scale recovery still awaits the realization of a new balance between supply and demand.”

Growing power demand means different things in different worlds

(Reuters columnist; June 23) - Utilities in the developed world are stressing over how to keep up with demand from data centers and artificial intelligence searches. But globally, keeping people cool is likely to be a much bigger drain on electricity grids and a more pressing power sector challenge. Worldwide, data centers and air conditioners are both projected to triple their electricity use over the coming decade, severely testing utilities that are already under strain from aging grids and lengthy backlogs for new supply.

Indeed, electricity demand from data centers is projected to rise by roughly 800 terawatt hours (TWh) by 2035, from around 416 TWh in 2024, according to the International Energy Agency. That is enough to power around 75 million American homes for a year, according to the U.S. Energy Information Administration. Global demand for cooling systems, however, is set to rise by around 1,200 TWh by 2035, or nearly as much electricity as the Middle East consumes annually, data from think thank Ember shows.

The location of demand growth also differs significantly between air conditioning and data centers, as does the consequences of failure to meet this spike. Most data center expansions are set to be within developed economies with modern power networks, and increased demand will primarily come from processing search requests for businesses and social media applications. In contrast, the vast majority of the demand growth for air conditioning is set to occur in emerging economies where many communities already face the prospect of heat-related deaths and illness within fragile energy systems.

Increased deaths and human suffering, the likely outcome of power system shortfalls in the developing world, are of a different order of magnitude than the risk of slower search results and economic drag from failure to boost power supplies for data hubs.

Texas legislation fights growing theft of oil field equipment

(The Texas Tribune; June 20) - At least three times a week, Darin Mitchell gets the call. Oil drums have been stolen; copper wires yanked; oil and gas field equipment pilfered. The Winkler County Sheriff in Texas dispatches his officers to investigate, but they rarely catch the crime in the act or find the stolen goods, worth tens of thousands of dollars. The West Texas county’s 10 deputies are overextended, policing 841 square miles of neighborhoods, a downtown area and the oil and gas facilities surrounding them. He doesn't have the manpower — or the money — to investigate every instance.

“I don't have a dedicated person to just sit out there,” he said. “The county can't afford just to hire somebody full-time to do oil field thefts.” The Texas Legislature has stepped in, passing a suite of bills that lawmakers, the sheriff and oil and gas industry leaders said are crucial to combat what they say is a billion-dollar loss in oil field thefts in the Permian Basin, the state’s largest oil field. Gov. Greg Abbott signed all three this month.

The bills instruct the Department of Public Safety and the Texas Railroad Commission, which regulates the state’s oil and gas industry, to create task forces to investigate oil field robberies. The effort will cost taxpayers nearly $5 million. One of the bills creates an oil field theft prevention unit to help enforce existing laws, in addition to providing training, resources and strategies specific to deterring such thefts. The task force is also charged with conducting public awareness campaigns.

First Russian-built ice-class LNG tanker to enter service this year

(Reuters; June 25) - The first Russian-built ice-class liquefied natural gas tanker is expected to go into operation in the second half of this year at the Arctic LNG 2 plant, Interfax news agency quoted tanker group Sovcomflot as saying on June 25. International sanctions over Ukraine have led to a shortage of tankers in Russia that can break through thick ice, preventing Arctic LNG 2 from exporting cargo since the first stage of the plant started operation at the end of 2023.

The tanker, named Alexey Kosygin after a Soviet statesman, was built at the Zvezda shipyard and is due to join the fleet of vessels serving the Arctic LNG 2 plant. The tanker, already under U.S. sanctions, started sea trials at the end of last year and the final trial stage is due to begin at the end of this month. “If all test parameters are achieved, there is a good chance that the vessel will be put into operation in the second half of this year,” Sovcomflot’s CEO Igor Tonkovidov told Interfax.

Russia’s Novatek, which owns 60% of Arctic LNG 2, has said 15 Arc7 ice-class tankers that are able to cut through 6.5-foot-thick ice to transport LNG from Arctic projects, will be built at the Zvezda shipyard. In total, Novatek has contracted 21 tankers, though the South Korean shipyards contracted to build many of the vessels to transport Russian gas canceled the deals after encountering problems dealing with U.S. sanctions.