Oil and Gas News Briefs
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Saudi Arabia looks in control of OPEC+ decisions

(Bloomberg; June 2) - When Prince Abdulaziz bin Salman was appointed Saudi Arabia's energy minister six years ago, he vowed to heed the smallest of OPEC+ nations. But at the cartel's meeting May 31, even the most powerful members couldn't block Riyadh's designs. The kingdom steered the group to agree the third super-sized monthly output hike in a row, despite dissent from a faction led by Russia. The Saudis are doubling down on a historic shift, driving oil prices lower as they seek to punish the alliance's quota cheats and reclaim their share of global markets, particularly from U.S. shale.

The policy change dragged crude futures to a four-year low below $60 a barrel in April, affecting everyone from American drivers to petrochemical users in Asia. It's forcing oil producers to confront an alarming prospect: Just how quickly might the kingdom restart millions more idled barrels? The meeting's outcome marks a new peak in the Saudis' long-running dominance of OPEC+. It raises questions over the future of the alliance and the complex web of relations between Crown Prince Mohammed bin Salman and Russia's Vladimir Putin — as well as President Donald Trump.

"Saudi Arabia is playing a big role," Thamir Ghadhban, Iraq's former deputy prime minister for energy affairs 2018-2020, said in an interview before the May 31 meeting. Russia — the only member with comparable oil production and geopolitical clout to Saudi Arabia — was supported by Oman and Algeria as it argued for OPEC+ to hold output steady in July and wait to assess the impact of earlier increases. But with no other opposition, the Saudi proposal for another 411,000 barrels a day was approved. The agreement means OPEC+ is just over halfway through its accelerated revival of 2.2 million barrels a day of halted production. The coalition will meet again on July 6.

OPEC+ will further increase oil production in July

(The New York Times; May 31) - Eight members of the OPEC+ oil cartel said May 31 that they planned to continue their accelerated increases in production in July, the third consecutive month. The group, including Saudi Arabia and Russia, said in a news release that it was acting "in view of a steady global economic outlook and current healthy market fundamentals." They pegged the increase at 411,000 barrels a day, although analysts say the actual amount is likely to be less.

The move was expected. Until recently, the Saudis had kept output at what was for them an uncomfortably low level to bolster oil prices, even though other members of

OPEC+ had exceeded their cap. Saudi Arabia will gain the largest share of the combined increases — boosting its ceiling to about 9.5 million barrels a day. The Saudis and other OPEC+ members like the United Arab Emirates had chafed because some members including Iraq and Kazakhstan had exceeded their ceilings. The Saudis are now sending a message that they will not restrain output if others don't.

The Saudis are more optimistic about the outlook for oil demand than some analysts, said Joseph McMonigle, president of the Global Center for Energy Analysis, who had until recently served as secretary general of the International Energy Forum in Riyadh. In addition, progress that Saudi Arabia has made in diversifying its economy into areas like tourism and data centers may ease immediate concerns about oil prices, he said. The Saudis, who have low costs, can still make money at lower prices, but some higher-cost producers like shale drillers in the U.S. are already cutting back.

OPEC+ production increase pushes U.S. drillers to slow down

(Reuters; May 28) - Oil drillers in the U.S. shale heartland are slowing down operations, a sign that OPEC's high-stakes price war is starting to pay off, but Saudi Arabia will need to exert a lot more pain to make a lasting impact on market share. U.S. oil producers upended the global market in the early 2010s, as the innovative fracking allowed them to tap vast onshore shale formations. Consequently, the United States, long the world's top oil consumer, became its leading producer as of 2018. It currently pumps around 13.5 million barrels per day, around 13% of world supplies.

The rising tide of U.S. oil has long irked the Organization of the Petroleum Exporting Countries, which has seen its market share steadily erode over the past two decades. Saudi Arabia, OPEC's de-facto leader, in 2014 sought to curb surging U.S. output by flooding the market with cheap oil. This effort bankrupted a number of shale producers, but it only temporarily paused the country's ascent as companies adapted to lower prices and the industry consolidated.

Riyadh and its allies, known as OPEC+, are now giving it another go. They surprised the market earlier this year by announcing that they would rapidly unwind 2.2 million barrels per day of production cuts introduced in 2024. And sure enough, nimble U.S. frackers have already responded by paring back drilling activities to conserve cash. The number of U.S. onshore oil drilling rigs dropped by eight to 465 last week, the lowest since November 2021, according to energy services firm Baker Hughes.

Several nations sending representatives to Alaska LNG discussions

(Bloomberg; May 30) - Almost two dozen foreign officials are set to join top U.S. government leaders in meetings focused on Alaska's energy resources, as President

Donald Trump encourages other nations to buy liquefied natural gas from the long-promoted Alaska LNG project. Foreign representatives visiting Alaska for the talks in coming days are expected to include representatives from Japan, South Korea, Taiwan, Philippines, India and the United Arab Emirates, said people familiar with the matter, who asked not to be identified because they weren't authorized to speak publicly.

The U.S. delegation will be led by Interior Secretary Doug Burgum, who's also the chair of Trump's National Energy Dominance Council; the panel's vice chair, Energy Secretary Chris Wright; and Environmental Protection Agency Administrator Lee Zeldin, the people said. The trip is set to include visits to oil and gas facilities on Alaska's North Slope as well as meetings with industry officials and Indigenous people, they said. Trump has repeatedly touted the proposed $44 billion Alaska LNG project.

Although it has been planned for decades, the project faces headwinds due to its large price tag, mammoth scale and the sheer challenge of constructing an 800-mile pipeline across Alaska. While Alaska LNG will be a significant portion of the discussions, a person familiar with the matter said, there's an opportunity to examine the state's resources potential and further policy shifts that can help develop those assets.

Japan sends vice minister for international affairs to Alaska meetings

(Reuters; May 29) - Japan's Economy, Trade and Industry Minister Yoji Muto said on May 30 that a senior official will attend an energy conference in Alaska early next week, where the proposed $44 billion Alaska LNG project is expected to be discussed. Takehiko Matsuo, the ministry's vice minister for international affairs, will participate in the Alaska Sustainable Energy Conference, scheduled for June 3-5, Muto said. The conference starts the day after talks scheduled by the Trump administration, which invited officials from Japan, South Korea, and Taiwan to Alaska.

It was not immediately clear whether Matsuo would attend the event on June 2, which will be hosted by Trump's energy czar, Interior Secretary Doug Burgum and Energy Secretary Chris Wright. Muto said Japan has been in communication with the U.S. regarding the project and other issues, adding, "I expect meaningful discussions will be held this time as well." South Korea will send its deputy minister for energy policy and other energy officials to the Alaska Sustainable Energy Conference, the ministry said on May 29, as some Asian countries consider investing in the Alaska project.

Meanwhile, Friends of the Earth Japan said on May 29 that more than 150 groups from Japan and around the world sent an open letter to the Japanese prime minister urging the country not to join the costly Alaska LNG project. "For Japan, Alaska LNG is absolutely unnecessary. Japanese companies resold 37% of LNG they handled because Japan is buying LNG much more than it needs," said Hiroki Osada, a campaigner at Friends of the Earth Japan.

Japan’s largest LNG buyer signals it would consider Alaska gas

(Bloomberg; May 29) - Japan’s largest liquefied natural gas importer, JERA, signaled it would consider buying the fuel from an export project in Alaska that has been championed by U.S. President Donald Trump, as companies and government officials travel to the northern state for a week of negotiations and deals. JERA, which is also the Asian nation’s largest power producer, submitted its expression of interest ahead of a summit next week, said people with knowledge of the matter.

JERA did not specify how much LNG the company might potentially buy, said the people, who asked not to be identified because the talks are private. JERA declined to comment. The move is a small step forward for the $44 billion Alaska LNG export project, which has been proposed in various forms for decades but has so far struggled to secure binding long-term contracts and investments. It comes as Japan’s government is seeking to smooth the path to a tariff deal with the U.S.

The Alaska Sustainable Energy Conference is not centered on the LNG project alone, but U.S. proponents are using the gathering as a timely opportunity to gather support — while Asian gas buyers are seizing the moment to gain favor with Washington at a critical juncture in trade talks. Takehiko Matsuo, vice minister for international affairs at Japan’s Trade Ministry, will attend the gathering, Japanese Trade Minister Yoji Muto said on May 30. Taiwan will also send a delegation to the conference. South Korea’s energy ministry and Korea Gas Corp. are expected to attend the discussions.

Texas project signs deal with Japan’s largest LNG buyer

(Reuters; May 29) – U.S. liquefied natural gas producer NextDecade said on May 29 it had signed a 20-year deal to supply Japan's biggest power generator JERA with 2 million tonnes per year of LNG from its Rio Grande project's fifth liquefaction train. NextDecade's deal with JERA, Japan's biggest LNG buyer, is subject to a positive final investment decision on the planned fifth production unit. LNG developers typically take FIDs on projects when they have lined up enough supply deals to obtain financing.

NextDecade has been signing multiple LNG deals for the Brownsville, Texas facility, which is under construction and has a potential capacity of as much as 48 million tonnes per year. The LNG producer has signed 20-year agreements with top oil producer Saudi Aramco and TotalEnergies to take cargoes from the terminal’s fourth liquefaction unit. Last year Abu Dhabi National Oil Company said it had acquired an 11.7% stake in Phase 1 of NextDecade's LNG project, which includes the first three liquefaction trains and agreed to a 20-year supply deal to take LNG from the fourth train.

Japanese utility signs 20-year deal for LNG from Louisiana project

(Reuters; May 29) - Japan's Kyushu Electric Power said on May 29 it will sign a 20-year purchase contract with U.S. energy firm Energy Transfer to buy up to 1 million tonnes of liquefied natural gas a year from its Lake Charles LNG project in Louisiana. It marks the Japanese utility's first long-term LNG purchase deal from the U.S. and is expected to diversify the company's procurement sources and contribute to stable supply, the company said in a statement.

A company spokesperson declined to disclose the contract's terms or the timing of the signing but said that imports are expected to start in 2030, if the project proceeds as planned. Although Kyushu Electric had also considered investing in the Lake Charles project, the spokesperson said it ultimately decided against it, citing a "lower priority compared to other internal investment opportunities.”

The contract contains no destination restrictions, allowing the utility to procure LNG flexibly in response to fluctuations in electricity supply and demand, such as adjusting delivery timing at its discretion or selling to other companies when demand is low. Earlier this month, Energy Transfer said it was nearing a go-ahead on its Lake Charles LNG project. Energy Transfer said at that time it had 10.5 million tonnes per year of its targeted 16.5 million tonnes in committed LNG sales and that it was confident it could reach a final investment decision by the end of the year.

Sempra wins federal export approval to expand Texas LNG plant

(The San Diego Union-Tribune; May 29) - A liquefied natural gas facility that San Diego-based Sempra is building on the Texas Gulf Coast received a long-awaited federal export permit on May 29. The authorization was the last regulatory hurdle the Port Arthur LNG expansion project needed to clear. Already under construction, the first phase at Port Arthur is expected to include two liquefaction trains, capable of producing 13 million tonnes per year of LNG. The second phase, if approved by the company, would double that amount. The first train is expected to be completed in 2027.

Port Arthur LNG is a $13 billion joint venture between Sempra Infrastructure and ConocoPhillips to take natural gas, liquefy it and export it around the world. LNG has been a growth market for U.S. companies because many foreign countries are eager to replace coal in their power systems with gas, which burns cleaner. But environmental groups oppose exports because of the amount of methane emitted by natural gas.

Sempra Infrastructure has quickly established itself as one of the leaders in the LNG industry. The company is the majority partner in the $10.5 billion Cameron LNG facility on the coast of Louisiana. It opened in August 2020 and has plans to expand capacity to as much as 21.7 million tonnes per year. Sempra Infrastructure is also adding an export component to an existing LNG import terminal near Ensenada, Mexico, called Energía

Costa Azul. Earlier this month, company officials said the $2 billion project is 92% complete. It’s expected to be finished by spring of 2026.

U.S. steps into negotiations between oil companies, African nations

(Wall Street Journal; May 28) - The Trump administration is wading into a long-running dispute between its allies in the oil patch and six Central African countries that could derail fossil-fuel projects valued at more than $130 billion. Officials from the U.S. Treasury and State departments are pushing the countries to resolve a disagreement over the remediation funds owed by Chevron, ConocoPhillips and other oil companies. Such funds are used for future environmental cleanup at exploration sites.

An organization of Central African countries — including Cameroon, Equatorial Guinea and Gabon — has long signaled it wants the oil companies to park those funds at the Bank of Central African States, also known as BEAC, to shore up its depleted foreign-currency reserves. Some African officials initially suggested that the companies would be required to deposit as much as $10 billion. The oil companies say that is a risky proposition that doesn’t adhere to international best practices. Remediation funds are usually treated as untouchable and held at U.S. or European banks.

The companies want to ensure BEAC can’t access the funds for other purposes, and peg the sum they owe at closer to $1 billion. Negotiations have been under way since 2018 but became more urgent when the central bank gave the companies until April 30 to begin depositing the funds. That is when the Trump administration stepped in.

U.S. State and Treasury representatives warned African officials in a meeting in Washington in late April that they would be watching the outcome of the negotiations closely, according to people familiar with the matter. It was the first time the U.S. had intervened directly in the meetings between the companies and government ministers.

U.S. Supreme Court sides with railroad expansion to transport oil

(Associated Press; May 29) – The U.S. Supreme Court backed a multibillion-dollar oil railroad expansion in Utah on May 29, in a ruling that scales back a key environmental law for projects around the country. The 8-0 decision comes after an appeal to the high court from backers of the project, which is aimed at quadrupling oil production in the remote area of sandstone and sagebrush. Environmental groups said the decision would have sweeping impacts on National Environmental Policy Act reviews.

The case centers on the Uinta Basin Railway, a proposed 88-mile expansion that would connect oil and gas producers to the broader rail network and allow them to ship by rail tanker car to larger markets. Supporters have argued that streamlining environmental reviews would speed up development. The justices reversed a lower court decision and restored a critical approval from federal regulators on the Surface Transportation Board. The project could still face additional legal and regulatory hurdles.

Environmental groups and a Colorado county had argued that regulators must consider a broad range of potential impacts when they consider new development, such as increased wildfire risk, the effect of additional crude oil production from the area and increased refining in Gulf Coast states. The justices, though, found that regulators were right to consider the direct effects of the project, rather than the wider upstream and downstream impact. Justice Brett Kavanaugh wrote that courts should defer to regulators on “where to draw the line” on what factors to take into account.

California lawmakers question state role in loss of two refineries

(KCRA TV; Sacramento, California; May 28) - As two oil refineries prepare to close in California within the next year, some Democratic state lawmakers on May 28 signaled they're losing trust with the leaders of state agencies that have been regulating the oil and gas industry. The California Air Resources Board chair, the California Energy Commission vice chair and the Division of Petroleum Market Oversight director were summoned to testify in front of the Assembly's Utilities and Energy Committee.

The three faced a barrage of questions and criticism as lawmakers expressed concern the regulators have treated consumers, drivers, workers and Californians overall as an afterthought in the state's clean-energy transition and affordability problems. The California Legislature has given the agencies broad authority to create new rules and regulations for the oil and gas industry. Recently in back-to-back special legislative sessions, lawmakers approved Gov. Gavin Newsom's push to set new rules to prevent price gouging and new requirements for refiners around storage and maintenance.

Late last year, Phillips 66 announced it would shut down its Southern California refinery by October. Valero announced it plans to shut down its Benicia refinery in April 2026. The two represent about 20% of the state's refining capacity. "We have a crisis on our hand that may have been self-created by the actions perhaps taken by the state, by regulators," said Assemblyman David Alvarez, D-San Diego. Regulators told lawmakers they're in the process of figuring out the state's plan of action when it loses the refiners.

Almost 700 oil and gas wells within a mile of a school in New Mexico

(The Associated Press; May 29) - Billton Werito drove his son Amari toward his house in Counselor, New Mexico, navigating the dirt road that winds through a maze of natural gas pipelines, wellheads and water tanks. Amari should have been in school, but a bout of nausea and a dull headache kept him from class. “It happens a lot,” Amari explained from the backseat. The symptoms usually show up when the sixth grader smells an odor of “rotten egg with propane” that rises from nearby gas wells and wafts over Lybrook Elementary School, where he and some 70 other Navajo students attend class.

His little brother often misses school for the same reason. “They just keep getting sick,” Amari’s father, Billton, said. “I have to take them out of class because of the headaches. Especially the younger one, he’s been throwing up and won’t eat.” The symptoms are putting the kids at risk of falling further behind in school. Lybrook sits in the heart of New Mexico’s San Juan Basin, an oil and gas deposit that, along with the Permian in the state’s southeast, is supplying gas that meets much of the nation’s electricity demand.

The gas pulled from tens of thousands of wells in New Mexico has reaped huge benefits for the country. Gas has become a go-to fuel for power plants from coast to coast, often replacing dirtier coal-fired plants and improving air quality. But those benefits may come at a cost for thousands of students in New Mexico whose schools sit near oil and gas pipelines, wellheads and flare stacks. An Associated Press analysis found 694 oil and gas wells with new or active permits within a mile of a school. This means about 29,500 students in 74 schools and preschools potentially face exposure to noxious emissions.

Australia offshore gas field will be hard, and controversial, to develop

(Australian Broadcasting Corp.; May 29) - When all the hype and the fury is stripped away, the decision to extend the life of the gigantic North West Shelf liquefied natural gas production plant in Australia boils down to one thing. "It's really all about Browse," said RISC Advisory boss Martin Wilkes in relation to the huge gas field off the Kimberley coast of Western Australia. Browse is one of the country's biggest untapped resources.

To the Western Australian government and industry, it represents energy security, jobs and billions of dollars of investment. For oil and gas companies — including Australia's flag-bearer, Woodside — Browse presents the last great hurrah for the country's gas export industry. But Browse is a long way from anywhere. It's also full of carbon — 12%. And it has no shortage of detractors. For those reasons, it has remained an elusive development for its backers since being discovered more than half a century ago.

The North West Shelf LNG plant is therefore the only viable pathway to development Browse has left, according to those in the industry who have followed the project for decades. "They want to bring Browse (gas) back to the North West Shelf, which has been on the cards for a pretty long time, really," Wilkes explains. "And that development has nowhere to go unless they got an extension of the North West Shelf. That's why it hasn't been developed — it's hard." By provisionally extending the license for the North West Shelf to operate another 40 years to 2070, Canberra has thrown Browse a lifeline.

But in doing so, it has also set itself on a collision course. That is because Browse is likely to be the mother-of-all environmental fights — a pivotal clash between those seeking an end to new fossil fuel mega-projects and those in the opposite corner.

Tankers taking Iranian oil to China go dark to avoid tracking

(Bloomberg; May 30) - Tankers involved in a vital hub of the Iran-to-China oil trade are disappearing from digital tracking systems, as the threat of U.S. sanctions forces tactical changes to keep crude flowing. Over recent months, more vessels have started switching off their transponders as they near waters off eastern Malaysia, a hotspot for the transfer of Iranian oil from one to ship to another for transport to China. Previously, systems were rarely disabled, signaling when tankers anchored next to each other.

While the tactic of going dark is not new, it's being used more regularly off Malaysia to avoid scrutiny. "Ship-to-ship transfers have been used to mask the origin of those cargoes," said Muyu Xu, a senior crude oil analyst at Kpler in Singapore. "Now they're switching signals off for longer, so that it's now even harder trace those flows back to the source, which is Iran."

A recent example is the Vani, an unsanctioned very large crude carrier that has the capacity to carry 2 million barrels. The empty vessel signaled its position off eastern Malaysia on May 15, before going dark then and reappearing fully laden in the region five days later, according to ship-tracking compiled by Bloomberg. While it was missing from tracking systems, the tanker conducted a ship-to-ship transfer on May 18 with the Nora, a U.S.-sanctioned vessel that had collected Iranian crude from the Kharg Island terminal, according to Kpler and Vortexa. Vani is now signaling China as its destination.

Low oil prices allow Western tankers to haul Russian crude

(Bloomberg; May 30) - From Athens to New York, oil tanker companies from Group of Seven nations are flocking back to the Russian oil trade. Tumbling oil prices this year brought Western-owned ships back into legal compliance with a G-7 price cap of $60 per barrel that was designed to curb the Kremlin's access to petrodollars. In the past three months, almost a third of all the Urals cargoes left Russia on Western tankers, ownership and vessel tracking data compiled by Bloomberg show. It is the highest rate since 2023, when the U.S. first imposed sanctions on vessels violating the cap.

"We have observed a notable increase in Russian crude shipments on Western-owned Aframax and Suezmax vessels from Russia's Baltic and Black Sea ports since February-March," said Svetlana Lobaciova, principal analyst at E.A. Gibson Shipbrokers in London, a firm whose history dates back to 1870. "Key factors driving the shift include buyer preferences and the decline in Russian oil prices below the price cap level."

Under the restrictions the Group of Seven industrialized nations imposed following the Kremlin's invasion in Ukraine, Western operators are only allowed to transport Russian crude if its price is $60 a barrel or less. From April, Urals, hovered at just over $50 — a consequence of sanctions and tumbling world crude prices. The plunge has made it possible for the Western firms to return to Russia without violating sanctions.

Saudi Arabia sees low oil prices as time to 'take stock' of spending

(Financial Times; London; May 29) - Saudi Arabia's finance minister said the kingdom would "take stock" of its spending priorities as it grapples with a sharp drop in oil revenue and the global tumult triggered by U.S. President Donald Trump's tariffs. Mohammed al-Jadaan told the Financial Times that Riyadh planned to maintain its current pace of government spending — despite widening budget and current account deficits, and rising debt — as it seeks to support ambitious development plans.

But he said Saudi Arabia would use the period of lower oil prices, as well as the uncertain global outlook, to evaluate how it managed the vast array of development projects under Crown Prince Mohammed bin Salman's $1 trillion plan to diversify the economy and boost non-oil growth. "We're not going to waste the crisis. People think that what's happening in the world is a crisis, but our economy is doing very well," Jadaan said. "It's a chance to look at things — if there's an opportunity to do something bold, do it." A "crisis provides us an opportunity to take stock and consider," he said.

"Are we rushing [projects]? Are there unintended consequences? Should we delay? Should we reschedule? Should we accelerate?" Jadaan said the prime focus was to avoid falling into the "trap of booms and busts" that had long plagued the oil-dependent kingdom. "We are very aware of how important it is that we don't go procyclical, but countercyclical," he said. "Instead of working to just balance the books, by design we are making sure that we spend in support of the growth."

LNG buyer believes it will win arbitration case against U.S. supplier

(Reuters; May 29) - The CEO of Italian utility Edison said on May 29 that he is confident of a positive outcome in arbitration involving U.S. liquefied natural gas supplier Venture Global, expected by the end of the year. Edison is one of several European energy companies, including Shell, BP and Portugal's Galp, that have filed arbitration claims saying Venture Global deliberately failed to fulfil its supply contracts, dragging its feet when commissioning one of its plants so it could profit from higher spot prices.

Commissioning, or making sure a new plant's systems are functioning as intended, can take months, but the process dragged on at Calcasieu Pass in Louisiana due to a number of unforeseen circumstances, Venture Global has said. "From our point of view, we think we are totally right. ... We think there is very clear evidence," Edison's Nicola Monti said on the sidelines of a company presentation. Edison received its first cargo of LNG from Venture Global in mid-May, two and a half years after it had initially agreed under a long-term contract signed with the U.S. supplier in 2017. By declaring that commissioning was incomplete, Venture Global was able to delay deliveries under the lower-price term contracts and sell the cargoes in the higher-profit spot market.

Lower coal prices could make it hard on natural gas exporters

(Reuters columnist; May 30) - Developers and exporters of natural gas should be alarmed by the dour state of thermal coal exports from Indonesia. The world's largest thermal coal exporter is on course for a rare decline in annual sales after shipping out the smallest tonnage in three years during the opening five months of 2025. To combat declining sales, regional coal traders have cut export prices to their lowest in four years, which in turn are reducing the cost of coal-fired power production across Asia.

That's bad news for natural gas bulls, who eye Asia as their main potential growth market but are already struggling to displace cheaper coal from power systems across the region. Indonesian coal sales to the two largest coal consumers — China and India — dropped by 23% and 14% respectively so far this year as coal miners in those countries lifted domestic output and reduced demand for imports.

As China and India have historically accounted for two-thirds of all Indonesian coal exports, exporters are attempting to replace those lost volumes with sales to other markets. However, the soft state of global consumer demand and manufacturing activity has also cooled demand for industrial power fuels in other major coal markets, including South Korea, Japan, Taiwan and the Philippines. To combat the declining sales, coal traders in Indonesia, Australia, Colombia, South Africa, and Russia have all cut prices this month with many key coal benchmarks currently trading at over four-year lows.