Oil and Gas News Briefs
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China takes on larger role in global LNG marketplace

(The Japan Times; June 1) - Over the past four years, a big shift has taken place in the market for one of the world's fastest growing and most important energy sources. Japan, long the world's leading consumer, investor and distributor of liquefied natural gas, has seen its position overtaken by China. In 2021, China became the top importer of LNG. It now has the most long-term LNG contracts, is expanding its import capacity, has a growing presence in markets traditionally dependent on trade with Japan — such as Qatar and Malaysia — and is even increasing imports from the U.S. and Australia.

For countries like Malaysia, Qatar and Australia, China's growth has been responsible for nearly all of their increase in LNG exports over the past five to seven years. And China's role is expected to increase as the country expands its LNG port infrastructure and carrier fleet, putting it in direct competition with Japan's major LNG importers. "We still believe that more LNG growth is coming from China," said Ziyue Daniela Li, a senior associate with BloombergNEF's Asia-Pacific gas team.

Japanese companies, long accustomed to being the sole bidder for long-term contracts, could be outbid by China. Traders, on the other hand, may see increased competition and cost-cutting when reselling LNG. That competition will inevitably create winners and losers among those firms, but when it comes to curbing emissions, there is no victory. China's growth, alongside Japan-led investments in gas power plants, pipelines and ports in South and Southeast Asia, is almost certainly going to lead to more fossil fuel production, just as scientists implore the world to shift away from dirty energy sources.

Abu Dhabi investment arm wants to build large natural gas business

(Reuters; June 3) - XRG, the international investment arm of Abu Dhabi National Oil Co. said on June 2 that it aims to have a gas and liquefied natural gas business with capacity of between 20 million and 25 million tonnes per year by 2035. XRG's board, which includes former BP CEO Bernard Looney and Blackstone's Jon Gray, approved a five-year business plan that aims to create an integrated gas and LNG business which includes the capacity target, XRG said in a statement.

The board also "supported the assessment of potential upstream gas mergers and acquisitions and LNG opportunities to strengthen its North American gas position," XRG said. ADNOC Chief Executive Sultan Al Jaber, who is also XRG's executive chairman, said during U.S. President Donald Trump's visit to Abu Dhabi last month that the

enterprise value of ADNOC's energy investments in the U.S. would rise to $440 billion in the next decade from $70 billion. He also said in March that XRG would make a significant investment in U.S. natural gas in coming months.

AI centers turn to older gas-fired power generation to meet needs

(Bloomberg; June 4) - If Stargate's first AI data center is completed next year as planned, the 900-acre site will need enough round-the-clock electricity to support 300,000 homes. But securing that power isn't as simple as plugging into the grid. Unlike arch rival Meta Platforms, which June 3 announced a 20-year deal to buy electricity from an Illinois nuclear plant, Stargate is relying on a technology that's largely been relegated to the sidelines of power production: small, single-cycle natural gas turbines.

That's because the AI boom — which has supercharged electricity demand — is unfolding faster than power plants can be built and new grid connections established. The venture by OpenAI, Oracle and Softbank is bridging that gap by stringing together a dozen of the small generators to power the Texas megafactory. Other city-sized data centers are doing the same.

The trend has sparked an unlikely comeback for a type of gas turbine that long ago fell out of favor for being inefficient and polluting. It also bares a critical disconnect between the growth of AI and the power sector. The next three years are key to the expansion of AI computing, and technology companies are racing to erect the city-sized data centers to fuel it. At the same time, aging power infrastructure means there's a years-long wait to connect and tap power from electric grids. And nuclear — in huge demand from tech giants — is unlikely to provide much new power anytime soon.

Consequently, orders for bigger, efficient gas plants — called combined-cycle turbines — have surged, creating a manufacturing backlog of three to five years, with another year to bring them online. Data center developers are scrambling to snag whatever turbines they can, which usually means single-cycle, in a range of 100-200 megawatts.

Texas removes BlackRock from exclusion list over climate policies

(Bloomberg; June 3) - BlackRock was removed from the state of Texas blacklist of companies that boycott fossil fuels, ending a three-year standoff over the environmental policies of the world's largest asset manager. The move means pension funds and other state-run investment accounts — which manage more than $300 billion of assets — will be allowed to purchase BlackRock shares, invest in its exchange-traded funds and hire the firm for advice and risk management. Inclusion on the list resulted in some Texas entities pulling billions of dollars of assets from the firm.

State Comptroller Glenn Hegar said BlackRock had rolled back many of its green-focused initiatives, including exiting the Net-Zero Asset Managers initiative and stepping back from the Climate Action 100+, a group devoted to cutting greenhouse gas emissions. The move marks a win for BlackRock CEO Larry Fink, who's been courting Texas leaders. Last year, he appeared with Lt. Gov. Dan Patrick at a summit focused on shoring up the state's energy grid, and just months ago BlackRock sponsored a table at the Black Tie & Boots Gala, a celebration of conservative politics in Texas.

The company was a major target for conservative activists for years, with groups taking out advertisements around the country targeting the firm and Fink in particular. They argued the company was trying to influence corporate America and wider society through its support for ESG and sustainable investing. Republican officials in several states joined in that campaign, pulling money from the firm and arguing that it was harming fossil-fuel producing states like Texas. Fink himself said he would no longer use the ESG term because it had been politicized.

Demand means more to prices than OPEC+ production numbers

(Reuters columnist; June 2) - The crude oil market devotes considerable energy to what OPEC+ says, but perhaps a little less to what it actually does when it comes to the supply of the world's most important commodity. The eight members of the wider group that had implemented voluntary production cuts met at the weekend and decided to raise output by 411,000 barrels per day in July, the third straight month of the same increase. More than half of the lift in output will be split among the big three of the OPEC+ group, namely Saudi Arabia, Russia and the United Arab Emirates.

However, there are two questions that need answering. Will the eight members that are party to the agreement actually increase output by the agreed volumes and, if they do, will they find buyers for the extra oil? It's worth noting that OPEC+ and others talk of production, but the more important metric is export volumes. The amount of oil moving around the globe sets the price and the demand balance. The group's top producer, Saudi Arabia, actually saw weaker exports in April of 5.75 million barrels per day, down from March's 5.8 million, according to data compiled by commodity analysts Kpler.

The question remains as to whether any additional oil is actually needed, especially in the top-importing region Asia. In the statement after the May 31 meeting, OPEC+ reiterated its view that the global oil market has "healthy" fundamentals "as reflected in low inventories." However, the OPEC monthly report for May showed crude inventories in the developed world rose in March by 21.4 million barrels to 1.323 billion barrels.

And it appears that China's appetite for oil eased in May, despite lower prices. Despite the near 30% drop in global crude futures between mid-January and the low so far this year of $58.50 a barrel on May 5, Asia's demand hasn't increased. There remains a high degree of demand uncertainty, given the distortions created by Trump's trade war.

Canada sees opportunity for new oil export pipeline

(Bloomberg; June 2) – Canadian Prime Minister Mark Carney said he sees opportunity to build a new pipeline to ship more oil to foreign markets, if it's tied to billions in green investments to reduce the industry's environmental footprint. Speaking after a summit with provincial leaders on June 2, Carney said it's "absolutely in our interest" to decarbonize Canada's oil and consider a new conduit to allow more exports without having to sell it to the U.S., which already buys 4 million barrels a day from Canada.

He said there was support around the table for creating western and northern trade corridors in Canada to help export resources, including the potential "for an oil pipeline to get to tidewater." Alberta Premier Danielle Smith, whose province produces most of Canada's oil, described the broad outline of what she called a "grand bargain" during a press conference after the meeting in Saskatoon, Saskatchewan. That deal would include rapid approval of a new pipeline alongside large investments from Canadian oil sands companies into technology that offsets or captures planet-warming emissions.

The question is how to pay for it. Smith said a new line that would ship 1 million barrels a day to the West Coast — which she said should be privately funded — could yield revenues of C$20 billion (US$14.6 billion) a year, which might also be the potential cost of a massive, proposed carbon-capture project in western Canada known as Pathways.

But there are obstacles to building a new pipeline. The government of British Columbia has "differences of opinion" with Alberta on whether a new pipeline through the province is needed, Deputy Premier Niki Sharma said ahead of the meeting. Any new pipeline would also be likely to pass through the territories of First Nations, who may oppose it.

Wood Mackenzie report forecasts U.S. natural gas at $6 by 2035

(Pipeline & Gas Journal; June 2) - According to Wood Mackenzie analysts, rising demand for natural gas is set to drive U.S. benchmark Henry Hub prices higher — creating significant opportunity for gas producers across the country. "We forecast Henry Hub prices will rise from the current $3.50 per million Btu to average $5 by 2030 and $6 by 2035," said Alex Beeker, director of corporate strategy and analytics, and Dulles Wang, director of gas research at Wood Mackenzie.

This represents a substantial shift from previous forecasts, largely driven by growing demand from data centers, liquefied natural exports and manufacturing. Wood Mackenzie notes that the U.S. Lower 48 gas production space is highly concentrated, with the top 10 producers accounting for 30% of supply. The global research and

analytical firm emphasized that there is ample gas resource, but warned that producers remain cautious with capital amid uncertainty around tariffs and material costs.

“Gas producers are adhering to capital discipline and will require Henry Hub prices at or above $5 per million Btu by the end of the decade to unlock necessary supply,” Beeker and Wang said. They also noted that declining budgets from tight oil producers could reduce associated gas supply, further tightening the market.

Venture Global starts site work on third Louisiana LNG project

(Business and Industry Connection magazine; June 3) - Venture Global announced that it has initiated full mobilization and started site work at the company’s third liquefied natural gas export facility in Louisiana, CP2 LNG. The launch of the site work comes shortly after CP2 received final approval and notices to proceed from the Federal Energy Regulatory Commission, and weeks after receiving its export authorization from the U.S. Department of Energy.

“With all federal approvals now in hand we are excited to announce that we have launched on-site work for this project, which is expected to deliver reliable low-cost LNG to the world starting in 2027,” said Mike Sabel, CEO of Venture Global. At peak construction, CP2 is expected to employ approximately 7,500 direct construction jobs. The first phase of the development is planned for 14.4 million tonnes annual production capacity. Full build-out could be double that volume.

Building off Venture Global’s “design one, build many” modularized LNG facility strategy, CP2 said it is already well advanced in engineering, procurement and contracting. Separate from the site work commencing, the project has significant off-site work underway for modules and equipment.

Developer looking for investors for offshore Louisiana LNG project

(Bloomberg; June 3) - Delfin Midstream is seeking investment to help fund a plan to export liquefied natural gas via infrastructure moored off the coast of Louisiana, according to people familiar with the plan. The closely held U.S. company is expected to receive initial indications of interest from potential investors soon, according to the people, who asked not to be identified because the talks are confidential.

Delfin is exploring the sale of equity and debt at the project level, the people said. Citigroup and Moelis & Co. are both advising on the financing, the people said. A spokesperson for Delfin said the timetable for the fundraising is confidential, and didn’t offer further comment. Citigroup and Moelis declined to comment.

The Delfin project comprises three floating LNG export vessels that would produce as much as 13.2 million tonnes per year, according to Delfin's website. Delfin received a license for a deepwater port in Louisiana earlier this year from the U.S. Transportation Department. Conservation groups have filed a lawsuit against the department for approving the license. Delfin hasn't yet made a final investment decision on the project.

Malaysia state energy firm considers selling Canadian gas assets

(Bloomberg; June 3) – Malaysia's Petroliam Nasional is considering options for its Canadian company formerly known as Progress Energy Resources, including a sale, according to people familiar with the matter. Petronas, as the state energy firm is known, is working with a financial adviser on a potential disposal, the people said, asking not to be identified because the deliberations are private. A transaction could value the Canadian business at US$6 billion to US$7 billion, they said.

Lower oil prices have hit Petronas, which reported a slide of more than 30% in net income in 2024 and announced job cuts that will start taking place this year. Petronas Canada operates in the North Montney basin in northeast British Columbia and, together with joint-venture partners, owns more than 800,000 gross acres of mineral rights with 53 trillion cubic feet of gas reserves and contingent resources, its website shows. Petronas may also consider selling a minority stake in the business, the people said. Petronas bought Progress Energy for about US$5.3 billion in 2012.

Petronas also holds a 25% stake in the LNG Canada project, a joint venture for liquefied natural gas in which Shell, PetroChina, Mitsubishi and Korea Gas also hold stakes.

Vietnam receives first cargo of Russian LNG

(Reuters; June 4) - Vietnam's Cai Mep liquefied natural gas import terminal has received its commissioning cargo from Russia, marking the Southeast Asian country's first time receiving supply of the fuel from the LNG producer, according to an industry source and shiptracking data. According to data from LSEG and Kpler, the cargo was loaded from Russia's Sakhalin 2 project on April 10 onto the Blue Dragon 1 LNG tanker. The Blue Dragon 1 tanker arrived at the Cai Mep import terminal on May 25.

One industry source told Reuters that the terminal had received the cargo for the purpose of testing. On track to be Vietnam's second operational LNG import terminal, Cai Mep LNG is located in the southern Ba Ria Vung Tau province and has the capacity to import 3 million tonnes of LNG a year.

It is operated by Cai Mep LNG, a joint venture between Singapore-based Atlantic, Gulf and Pacific LNG and Vietnamese petroleum trader Hai Linh Co. Vietnam's first terminal

to begin operations, Thi Vai LNG, received its commissioning cargo from Indonesia. It has since also received LNG supplies from Qatar, Malaysia and Brunei.

Russian government oil proceeds in May lowest in 2 years

(Bloomberg; June 4) - Russia's proceeds from oil in the state budget shrank last month to the lowest since June 2023 as global crude prices declined. Oil-related taxes dropped by 32% last month from a year earlier to 430.4 billion rubles ($5.5 billion), according to Bloomberg calculations based on Finance Ministry data published on June 4. Combined oil and gas revenue totaled 512.7 billion rubles, down more than 35%.

Crude prices have fallen as U.S. President Donald Trump's tariff policy threatens to slow the global economy, while OPEC+ accelerates the revival of its production into a market that was already well supplied. The cartel's output surge, directed largely by Saudi Arabia, prompted dissent from a faction led by Russia at a meeting over last weekend. Oil and gas is the backbone of Russia's state finances, accounting for around a third of tax revenue. As crude prices have fallen, the government has revised budget forecast and more than tripled the fiscal deficit target.

On a month-to-month basis, oil revenue fell by more than half in May, Bloomberg calculations showed. That reflects the fact that one of Russia's main oil taxes — a profit-based levy — is paid four times a year in March, April, July and October. The Finance Ministry calculated oil taxes based on an average Urals price of $54.76 a barrel in April, which is more than a quarter lower than a year earlier.

Russia sending more gas to Europe via pipeline through Turkey

(Reuters; June 2) - Russian energy giant Gazprom's average daily natural gas supplies to Europe via the TurkStream undersea pipeline increased by 10.3% in May from a month earlier, Reuters calculations showed on June 2. Turkey is the only pipeline transit route left for Russian gas to Europe after Ukraine chose not to extend with Moscow a five-year transit deal through its country when it expired on Jan. 1.

Calculations based on data from European gas transmission group Entsog showed that Russian gas exports via the TurkStream pipeline rose to 1.62 billion cubic feet per day in May from 1.47 bcf per day in April. Total Russian gas supplies to Europe via TurkStream stood at around 254 bcf in the first five months of this year, compared to 233 bcf during the same period a year earlier, according to Reuters calculations.

At their peak in 2018-2019, annual pipeline gas flows to Europe reached almost 6.2 trillion cubic feet. As European nations cut back their purchases after Russia invaded

Ukraine in 2022, Russia supplied about 2.25 trillion cubic feet of gas to Europe by various routes in that year. The volume kept dropping in 2023 and 2024.

Record number of vessels apply for Northern Sea Route permits

(The Maritime Executive; June 1) - Arctic shipping in the Russian-controlled Northern Sea Route is poised for major growth this year, with a record number of vessels applying for permits. Voyages in the NSR are open in the warmer months, during the summer and autumn from July 1 to Nov. 30, when the ice has receded or thinned.

With navigation in the route set to open next month, the state-controlled nuclear energy firm Rosatom said that it is expecting a 50% increase in voyages by foreign vessels this year. Rosatom controls the Russian icebreaker fleet and is in charge of operations along the NSR. “There is a clear upward trend in international interest in NSR. In 2025, foreign companies are expected to conduct at least 1.5 times more voyages through NSR compared to the previous year,” Rosatom told Reuters.

As of May 27, 196 applications had been submitted for navigation along the NSR, including foreign-flagged ships, Rosatom reported. Most of the fleet will be transporting liquefied natural gas from Russian Arctic gas projects. For the summer, around 30 LNG carriers have been granted permits to transit NSR. Russia has been marketing the route as shorter than the Suez Canal route, reducing travel between Europe and Asia. However, expansion of the icebreaker fleet and Arctic port infrastructure is needed to make the route competitive. Last year, NSR hit a record cargo volume of 38 million tons.

Australia’s difficult offshore gas fields may never reach production

(Bloomberg columnist; June 2) - You can build a lot in 75 years. The Great Pyramid took about 25 years to be finished. The Byzantine cathedral of Hagia Sofia, roughly five. The Apollo Space Program put a man on the moon in less than a decade. Exporting gas from the tropical waters northwest of Australia is proving to be a lot harder. From the excitement and dismay last week that greeted the government’s approval of an extended license to 2070 for the North West Shelf gas liquefaction plant at Karratha, you might get the impression that it was on the brink of going ahead.

But Karratha’s long-term future is contingent on Browse, a collection of three offshore gas fields roughly halfway between the coast of Australia and East Timor, mostly discovered in the early 1970s. Plans to develop Browse have failed for decades because getting petroleum out of such deep and remote waters is extremely difficult. The coming years are unlikely to be any more friendly. Two previous plans for getting their hydrocarbons to shore have been abandoned in the face of insurmountable costs.

Australia's northwest is one of the most isolated locations on the planet, making building anything there a challenge. Chevron's Gorgon LNG project is a candidate for one of the most expensive pieces of engineering ever undertaken, with an A$54 billion price tag. At A$30 billion, Browse wouldn't cost quite so much. But in other ways, it's the same story. Like Gorgon, its petroleum reservoir is rich in carbon dioxide. The developers plan to pump the carbon back into undersea rock formations, but that has substantial costs.

Carbon capture and storage is a technology that's still in its infancy after decades of development. It's never been achieved at such scale, and may never be viable outside of a few demonstration projects. The CCS plant at Gorgon has been operating at just 30% of its supposed capacity, forcing Chevron to buy carbon offsets. Before it even gets to that point, Browse has to get through a thicket of government reviews. The gas laid down in the waters of the North West Shelf have gone undisturbed for hundreds of millions of years. They're likely to remain there for billions more.

Japan's gas utilities want to see suppliers use more carbon capture

(S&P Global; June 3) - Japanese city gas utilities expect natural gas and carbon capture, utilization and storage to play a greater role in their gas supply in 2050, as the government has designated gas as "an important energy source" even after achieving carbon neutrality. The utilities aim to boost the share of gas produced by operations that utilize CCUS to 10% to 50% of their supply in 2050 while also reviewing the share of e-methane and hydrogen, the Japan Gas Association said in its Gas Vision 2050 report.

The 10% to 50% share of the gas supply in 2050 is expected to come from measures such as carbon capture and storage, carbon capture and utilization, forest absorption, bioenergy with carbon capture and storage. The city gas utilities now expect e-methane and biogas to account for 50% to 90% of the gas supply in 2050, with direct hydrogen supply making up "several percent," the JGA said in its report released June 3.

JGA Chairman Takashi Uchida said the components of the gas supply in 2050, when carbon neutrality is achieved, will depend on technological innovations. When asked about Japan's 2050 gas supply outlook, Uchida said that the association has not released such an outlook because it sees scenarios of both increasing and decreasing gas supply. He cited uncertainty over the progress of fuel switching from coal and oil to gas as a factor that could increase demand, while demand could also decrease due to a declining population and the introduction of energy-conserving equipment.