Oil and Gas News Briefs
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Saudis push for more OPEC+ oil production to regain market share

(Bloomberg; June 4) - Saudi Arabia wants OPEC+ to continue with accelerated oil supply hikes in the coming months as it puts greater importance on regaining lost market share, according to people familiar with the matter. The kingdom, which holds an increasingly dominant position within OPEC+, wants the group to add at least 411,000 barrels a day in August and potentially September, the people said, asking not to be named because the information was private.

Riyadh is keen to unwind its cuts as quickly as possible to take advantage of peak demand during the Northern Hemisphere summer, one person said. The Organization of the Petroleum Exporting Countries and its allies already agreed to boost production by 411,000 barrels a day in May, June and July, although their most recent meeting saw some disagreement over the strategy. Russia led a faction that wanted to pause the increases to assess their market impact, but ultimately the Saudi view prevailed.

The supply hikes are a radical shift in strategy for Riyadh, from years of defending prices with production cuts to an active push to drive crude lower. Oil fell to a four-year low under $60 a barrel in London in April, when OPEC+ first surprised the market with an output increase that was triple the scheduled amount. When the accelerated supply hikes began, OPEC+ delegates said it reflected Saudi Arabia's desire to punish over-producing members by pushing down prices. Now, as the world faces a prolonged period of cheaper oil, recouping lost market share has become the primary motivation.

Morgan Stanley says OPEC+ production increase slow to materialize

(Bloomberg; June 8) - OPEC+ may be boosting oil-production quotas at a significant pace in a push to restart idled capacity, but that shift has yet to translate into big gains in actual output, according to Morgan Stanley. "Notwithstanding the around 1 million-barrel-a-day increase in production quotas between March and June, an actual increase in production is hard to detect," analysts including Martijn Rats said in a June 9 note. "It does not appear that production in Saudi Arabia has ramped up significantly."

The global oil market has been rocked in recent months by the move from eight core OPEC+ nations to relax supply restraints at a faster-than-expected pace, potentially adding supplies just as trade frictions menace demand. The surprise shift has been presented as a bid by the cartel to reclaim market share from rival drillers, as well as punish its own quota cheats.

Morgan Stanley based its conclusions on a slew of data points, including refinery throughput, exports, pipeline flows and indications of stockpiling. Still, increases may be forthcoming. The Wall Street bank said it expects supply from the core members to rise by about 420,000 barrels a day between June and September as the cartel continues quota hikes, with about half of the increase coming from Saudi Arabia. In addition, the bank maintained its outlook for a surplus, as crude supplies from outside OPEC+ climb by about 1.1 million barrels a day this year, outpacing global demand growth.

China avoids buying any U.S. oil for second straight month

(Bloomberg; June 5) - China, the world's largest oil importer, avoided buying American crude for a second straight month as the nation's trade dispute with the U.S. continues to unsettle markets. Dragged down by the absence of Chinese purchases, U.S. oil exports slid to the lowest this year in April, according to U.S. Census data. In the same month a year earlier, China bought 297,000 barrels a day from the U.S. and three times that amount in 2023, the data shows. March and April mark the first time since the pandemic that Chinese refiners skipped buying from the U.S. for two straight months.

China's pullback from U.S. crude has wider implications for shale oil producers, which partly depend on overseas demand to keep pumping oil. Competition is getting stiffer after OPEC and its allies announced they're restoring production as Saudi Arabia seeks to claw back market share lost to America's drillers. The strain in relations between the world's two largest economies comes as Chinese oil demand is faltering amid economic weakness and the adoption of electric vehicles. Tensions are running high as each side accuses the other of breaching a trade truce that had previously eased steep tariffs.

Clean-energy investments double fossil fuels spending in 2025

(Wall Street Journal; June 5) - Global investment in clean-energy technology and infrastructure is set to double that of fossil fuels this year, according to a report by the International Energy Agency. Around $3.3 trillion in investments will flow into the energy sector in 2025, up 2% from 2024. Of that, about $2.2 trillion will go to renewable and nuclear energy, energy storage, low-emission fuels, efficiency and electrification — double the amount going to oil, gas and coal, according to the Paris-based organization.

China has been the main driver of global investments in the energy sector. While the country's spending matched the U.S. a decade ago, it now rivals the combined investments of the U.S. and the European Union. "China is the single most important driver of global energy investments in many areas, from clean energy, such as solar, to coal," Fatih Birol, executive director of the IEA, said.

Investment in solar power is expected to reach $450 billion this year, making it the largest single item in the IEA report on world energy spending. Supplier competition and ultralow costs have made imported solar panels — usually paired with batteries — a key driver of investment in many emerging and developing economies. Renewable energy, like wind and solar, has become a larger part of the overall power supply. Nuclear investment is also on the rise, climbing by around 50% over the past five years.

This year, oil investments are set to decline due to economic uncertainties, lower demand expectations and softer prices. Stripping out the first year of the pandemic, this will be the first time oil investments have declined in a decade, the IEA said.

Coal-fired power generation down, renewable energy up in India

(Reuters; June 5) - India's coal-fired electricity generation in May fell at the fastest pace in five years, as power demand declined for the first time since August and renewable energy generation rose to a record high, a Reuters analysis of government data showed. Increased generation from less polluting power including hydro and nuclear also led to a decline in gas-fired power output, which fell at the steepest rate in nearly three years, a review of data from the federal power grid regulator Grid India showed.

The decline in demand for fossil fuels for electricity generation in India — the world's second-largest importer of coal and the fourth-biggest buyer of liquefied natural gas — comes at a time when benchmark prices of the fuels are under pressure. "Demand from the power sector — typically strong during peak season — remained limited. Additionally, economic headwinds have weighed on non-power industries," Indian coal trader I-Energy said in a note this week.

Asian spot LNG prices have declined more than 15% this year, while benchmark prices of thermal coal have plunged to more than four-year lows due to weak demand from China and India, the top coal-importing countries. India's coal-fired power generation fell 9.5% in May on an annual basis to 113.3 billion kilowatt-hours, a review of data from the federal power grid regulator Grid India showed, marking the sharpest year-on-year decline since June 2020, when the COVID-19 pandemic led to a nationwide lockdown.

B.C. government approves new gas line to proposed LNG terminal

(CBC News; Canada; June 5) - The British Columbia government has approved the continued construction of a new pipeline that could supply natural gas to a proposed floating liquefied natural gas export terminal off the province's North Coast. The Prince Rupert Gas Transmission project is a joint venture between the Nisga'a First Nation and Texas-based Western LNG.

The approximately 500-mile pipeline would run from gas fields in northeastern British Columbia to Pearse Island, about 50 miles north of the Port of Prince Rupert, to serve the proposed Ksi Lisims LNG export terminal, a floating production facility capable of producing 12 million tonnes of liquefied natural gas per year. The project faces opposition from several groups, including the Gitanyow Hereditary Chiefs, who argue it poses a risk to important salmon habitat and will accelerate climate change.

The pipeline was first approved in 2015 under the ownership of Calgary-based TC Energy, when it was meant to supply the now-cancelled Pacific NorthWest LNG terminal led by Malaysian energy giant Petronas. It was purchased by the Nisga'a Nation and Western LNG in 2024 under their revised proposal for the Ksi Lisims facility. The LNG terminal is still waiting for its final approval from the B.C. government and an investment decision by its sponsors. Proponents say if approved in 2025, it could be online in 2029.

Canada’s Indigenous leaders warn of fast-tracking project approvals

(CBC News; Canada; June 7) - Indigenous business leaders gathered outside Calgary this week for an energy industry conference say they're not opposed to building major projects quickly — in fact, they're all for it. But as Ontario and British Columbia pass bills criticized by First Nations in those provinces for trampling on their rights in the service of fast-tracking infrastructure, they warn that Canada risks backsliding into a more contentious relationship with Indigenous communities that will ultimately delay projects.

"Broadly speaking, are First Nations or Indigenous communities opposed to development? Absolutely not. Are we opposed to resource projects? Absolutely not. Energy generation? Absolutely not. We want to participate on terms that work for us," said John Rowinski, CEO of the Zhooniya Makak Partnership with Hiawatha First Nation, who is from the Mohawks of the Bay of Quinte near Belleville, Ontario.

"Frankly, they would likely find much less opposition to these projects if they showed a willingness to talk in advance as opposed to after the fact," he said. Amid increasingly tumultuous trade relations with the U.S., politicians at the federal and provincial levels have been scrambling to show they can get major projects built quickly and boost Canada’s economy. But recent bills passed in Ontario and British Columbia aimed at speeding up major projects have been subject to significant criticism from First Nations. The new laws aim to fast-track projects that could include critical mineral mines.

Manitoba premier says new Hudson Bay port could handle oil and gas

(CBC News; Canada; June 6) - Manitoba Premier Wab Kinew says oil could be among the commodities shipped through Hudson Bay if Canada proceeds with a new or expanded port along the province's coastline. Kinew has asked Prime Minister Mark Carney to support a northern trade corridor that would involve a new all-season road, a hydroelectric transmission line to Nunavut and potentially a pipeline to Hudson Bay.

Kinew said June 6 that oil is among the commodities that could be shipped through Arctic waters via Hudson Bay. The premier has in the past floated the idea of liquefied natural gas or hydrogen shipments. "When we're talking about a pipe, what is the product that makes sense?" Kinew said during a conversation with reporters following a speech in Winnipeg's RBC Convention Centre.

"Are we going to be looking at liquefaction, and then maybe it's an LNG thing? Are we looking at oil and gas projects? Are we looking at something novel, like green hydrogen or maybe a potash slurry? These are the things that we can signal to the private sector we're open to having a discussion about." In April, Kinew said he was open to building a second port on Hudson Bay because of ecological sensitivities at the Port of Churchill, where large summer congregations of beluga whales attract tourists. Polar bears also gather east of Churchill every fall, supporting an even more lucrative tourism industry.

Dry spell cuts into Europe’s hydroelectric power generation

(Reuters columnist; June 5) - Europe's power generation mix looks set to get dirtier over the coming summer after an enduring dry spell depleted reservoirs and crimped hydroelectricity output. Hydro dams are Europe's third-largest electricity source after natural gas and nuclear plants and historically reach their annual production peak just before summer as snow melt and spring rains recharge dams and river systems.

That network of reservoirs and run-of-river hydro is then typically used as a key source of dispatchable power, which can be discharged on command by grid operators to balance power needs. This year, however, a lingering drought has hit hydro generation and cut hydropower supplies by 13% over the first five months of 2025 from the year before, to the lowest level for the month of May since 2017, data from Ember shows.

That shortfall of hydro output has in turn forced utilities to rely on other dispatchable power sources — including natural gas and coal plants — which may need to be deployed at even higher levels this summer if hydro output stays stunted. Below-normal snow cover across Europe's Alps has been a key source of the hydro headache this year. From January through the end of May, a model of snow-fed hydro generation potential by LSEG estimates that output from across the Alps region is roughly a third below the long-term average so far this year.

Egypt close to deals on 160 LNG import cargoes through June 2026

(Bloomberg; June 5) - Egypt has indicated that it plans in the coming week to finalize purchases of liquefied natural gas for delivery over the next few years, as the country deepens its dependence on imports. The government is in the final process to strike deals with as many as six companies — including Saudi Aramco, Trafigura and Vitol — to buy cargoes through June 2026, according to people with knowledge of the matter who asked not to be identified. It could buy more than 160 shipments for that period.

There could be more deals for deliveries over the following two years, the people said. Egypt's push to lock in LNG supplies is aimed at reducing its reliance on the volatile spot market and reflects a sharp reversal for a nation that was exporting gas just a year ago. Falling domestic gas production, rising demand from an expanding population and extreme heat have turned the nation into a major importer, tightening global supply.

Australia's tax collections on oil and gas profits short of expectations

(Australian Broadcasting Corp.; June 5) – Australia's tax on oil and gas profits is expected to raise A$4 billion less than the government forecast when it first announced a rework of the tax in 2023. Last year, Treasurer Jim Chalmers amended the Petroleum Resource Rent Tax, which applies to offshore petroleum projects including the recently extended North West Shelf LNG operation, in a measure the government said would raise an additional $2.4 billion over the four years from 2023.

Chalmers said the changes would mean "offshore LNG industry pays more tax, sooner." In that year's budget the forecast was that $10.8 billion would be raised over those four years — but the federal budget handed down just days before the election was called reveals the government now expects to raise just $6.3 billion over that same period. It is also now forecast to raise less each year than was expected before the government's plans to rework the tax.

The government's amendments to the tax came after review found it needed to be updated, in part because it was designed for oil — but liquefied natural gas now dominates development. Since the inception of the tax in the 1980s to 2024, not a cent of Petroleum Resource Rent Tax was paid on LNG facilities. That is because, under the tax, levies only become payable once projects become cash-flow positive, meaning all expenditures have been deducted — and LNG facilities have high upfront construction costs that take a long time to recover.

Judge halts restart of pipeline serving offshore California platforms

(Los Angeles Times; June 4) - For the second time in a week, a judge has sided with environmental groups that are challenging an offshore oil operation along Santa Barbara County’s coastline in California by granting a temporary restraining order against the company. On June 3, Santa Barbara County Superior Court Judge Donna Geck ordered Sable Offshore and the state fire marshal to halt restart efforts on the operation’s onshore pipeline system, which suffered a major rupture and spill in 2015.

Sable has been working to reactivate the Santa Ynez Unit — a complex of three offshore platforms, processing facilities and pipelines — that was shuttered after the spill. The fire marshal regulates oil and gas pipelines across the state and must approve the pipelines’ full restart, which is key to the company’s commercial success. The court’s temporary restraining order on pipeline work will remain in effect through at least July 18, when Geck will call a full hearing on the matter. The order could be extended.

Sable officials said in a Securities and Exchange Commission filing that the decision would force them to delay their restart. “Sable is now targeting Aug. 1, 2025, for first sales due to this delay,” the filing said. Last month, the company called for commercial operations to begin in July as it announced it had — to the shock of environmental activists and some state officials — begun some limited offshore oil production.

U.K. gas company signs up for 10-year supply from Norway’s Equinor

(Reuters; June 5) - British Gas owner Centrica has signed a 10-year deal worth more than 20 billion pounds ($27.07 billion) with Norway's Equinor to secure natural gas supplies starting in 2025, the companies said on June 5. Britain aims to reduce its reliance on gas to help meet climate targets, but around 70% of its homes are still heated using the fossil fuel while gas-fired power plants account for around a quarter of the country's electricity supply.

The agreement, which begins on Oct. 1, will see Equinor deliver 175 billion cubic feet of gas annually until 2035, representing about 10% of Britain's gas demand and enough to supply approximately five million homes, Centrica CEO Chris O'Shea said. The deal replaces a previous 10-year supply contract between the companies running from 2015 to 2025. "I think most people don't appreciate just how much we rely on our friends in Equinor, friends in Norway for energy security in the U.K.," O’Shea said in an interview.

Britain imported almost two-thirds of its gas demand last year, with half of the imports coming from Norway. Norway has increased its supplies to Europe since flows from Russia to Europe were curtailed after Russia's invasion of Ukraine in 2022. Britain’s own North Sea fossil fuel production has declined sharply since its peak in the late 1990s, and the government has said it will not issue any new oil and gas licenses as part of its efforts to meet climate goals.