Oil and Gas News Briefs
Compiled by Larry Persily
March 10, 2025

Oil-market sentiment in decline, taking down prices

(Bloomberg; March 8) - Oil prices suddenly broke out of a monthslong slumber this week to touch a three-year low. Now, traders are grappling with the question of whether the rout can run deeper. A confluence of bearish factors has contributed to the worst crude-market sentiment in recent history, including OPEC and its allies making a surprise announcement of plans to start boosting supplies with crude trading near $70 a barrel, a shift from the group's prolonged, stoic defense of higher prices.

At the same time, President Donald Trump continues to menace America's largest trade partners with on-again, off-again trade wars that threaten to sap demand. Geopolitical risks are broadly cooling after Russia signaled a willingness to discuss a temporary truce in Ukraine for the first time since the war's onset more than three years ago. All the while, China, the world's top crude importer, told refiners to pivot away from making mainstay fuels like gasoline and diesel, a sign of the shaky, long-term demand outlook.

Collectively, the factors helped briefly nudge benchmark Brent futures out of the $70-$85 band in which they have mostly traded since September. Speculators are wagering the slide isn't over. Morgan Stanley expects Brent crude to average $70 this year, down $5 from the previous forecast. Goldman Sachs sees risks of prices falling below their expected range of $70-$85. JPMorgan Chase became the first to call for oil in the $50s at an energy conference in London last week, while Citigroup reiterated calls for $60 oil.

World energy leaders meet as Trump policies create uncertainty

(Reuters; March 7) - Global energy industry leaders meet in Houston March 10-14 as falling crude prices push Big Oil to slash thousands of jobs even as a pro-fossil fuel U.S. administration encourages them to pump more. President Donald Trump has exhorted the industry to "drill, baby, drill," and has ordered government agencies to slash red tape to maximize U.S. oil and gas output — already at record levels. He has ended a pause in new LNG export project approvals and overturned a ban on drilling in federal waters.

Trump's policies on trade and foreign policy, however, threaten to drive up the cost of millions of barrels of oil that U.S. refiners need from Canada and Mexico. His rapid pivot on foreign policy with Russia could upend global oil flows and reduce the European market for U.S. oil and gas if the U.S. eases sanctions on Russian energy. His termination of a license that allowed for Venezuelan oil exports to the U.S. and threats to drive Iranian oil exports to zero all portend disruptions to global oil flows.

"It's a revolution in energy policy that is unfolding. … The industry is trying to catch its breath," said Dan Yergin, vice chairman of conference organizer S&P Global, in an interview. The energy industry's reset will be front and center at the CERAWeek conference, where more than 8,000 delegates will meet. "It's not A plus B equals C anymore. There are like nine equations here. There are so many things going on at once that you pull on a string, you don't know where the other end of the string is going to be," said Dan Pickering, chief investment officer at Pickering Energy Partners.

Trump’s tariffs prompt Mexico to talk with other buyers for its oil

(Reuters; March 6) - Mexican state company Pemex is in talks with potential buyers for its crude in Asia, including China, and in Europe as it seeks alternative markets after U.S. President Donald Trump imposed tariffs on imports, a senior Mexican government official said. Trump this week implemented 25% tariffs on goods from Mexico and Canada. While Canadian crude won an exception of a 10% levy, Mexican crude is to be taxed at 25%.

Last year, Pemex exported 806,000 barrels per day of crude, of which 57% went to the U.S. In January, exports slumped 44% year-on-year to 532,404 barrels per day, the lowest level in decades. While Mexico does send some crude to Europe and Asia — in particular to India and South Korea, according to Kpler data — its northern neighbor receives the lion's share of exports of the flagship heavy sour Maya crude.

The government official said Pemex had been talking to potential buyers in non-U.S. markets, speaking on the condition of anonymity because the talks are sensitive. "The good thing is that there's appetite for Mexican crude in Europe, in India, in Asia," they said. "There's demand for heavy crude and Pemex crude." The official said potential Chinese buyers were "very interested" in initial conversations, adding that "demand will decide how these flows are redirected." Two sources at the trading arm confirmed that there were no plans to apply discounts to make Mexico’s oil exports more competitive.

Discount on Canadian crude rises in face of U.S. tariffs

(Reuters columnist; March 6) - When U.S. President Donald Trump announced tariffs on Canadian and Mexican imports this week, he gave Canadian energy a modest break, showing "Tariff Man" will engage in realpolitik when it comes to oil and gas. The president said on March 3 that all imports of Canadian and Mexican goods would be subject to a 25% tariff, except Canadian energy, which will only be charged a 10% duty. The lower tariff on Canadian oil and gas reflects the countries' energy interdependence.

Canada, the world’s fourth largest crude producer, provides half of U.S. crude imports, supplying 4 million barrels per day in 2024, around one-fifth of U.S. consumption. Most

Canadian crude is shipped via pipelines from the extensive oil sands in Canada's western province of Alberta to land-locked refiners in the U.S. Midwest. These U.S. refiners rely on Canadian oil for 70% of their supplies and are configured to process the specific grade of feedstock, so they cannot easily replace Canadian crude.

Canadian producers have adjusted to the tariffs by lowering the price of their crude sold into the U.S. to try to keep their buyers. The discount of Western Canada Select heavy crude to the U.S. benchmark West Texas Intermediate futures has widened in the past week by about $2.50 to $14.25 a barrel. Still, gasoline prices are likely to rise in some U.S. regions, refiners say, particularly the Midwest, under the tariffs.

If they are protracted, Canadian producers could be forced to curtail output. But in the short run, 10% tariffs are unlikely to lead to significant disruption, as producers, refiners and consumers will likely weather higher costs. It is a question, however, whether Trump can stomach the potential political fallout if tariffs push up energy prices.

Trade war could hit Wisconsin sand destined for Canadian fracking

(Edmonton Journal; March 7) - Train car after train car, filled with Wisconsin sand. It’s vital to the Alberta oil and gas industry. Of the approximately eight million tonnes of sand the Canadian oil and gas industry uses every year, about two-thirds of it comes from the state of Wisconsin. As of this week, it’s on the list of American goods coming into Canada that are subject to Canadian 25% retaliatory tariffs. And despite the fact that President Donald Trump placed a 30-day pause on tariffs on Canadian goods already covered under existing free-trade deals, the threat of a trade war has not gone away.

Craig Watt is the vice president of operations for Enserva, which represents oil field service companies across Canada. He warns that a sand tariff would mean $250 million a year in extra costs to the industry. So far, it represents the biggest potential tariff blow to Alberta’s oil patch. “For sure, there are political reasons to target Wisconsin sand,” said Watt. “But there’s a huge impact of a quarter-billion dollars to our industry. … It is a significant challenge for our members.”

The sand is necessary for fracking. The grains have to be just the right size. The sand has to be the perfect consistency. That sand holds open the cracks in the ground that allow oil and gas to keep flowing. Because the industry needs just the right kind of sand, the kind that can withstand high temperatures, it’s almost impossible to source from anywhere else. Wisconsin sand is perfect, and that’s why it makes up the bulk of the market. “If these tariffs go on for months, it will upend the industry,” Watt said.

Trump could ease sanctions on Russia’s oil exports

(Bloomberg; March 7) - Advisers to President Donald Trump are sketching out potential Russia sanctions he could lift or tweak — including the oil price cap — if there’s progress in talks with Moscow on ending its war in Ukraine, according to people familiar with the matter. The possible move would mark another dramatic policy divergence between Washington and its allies in London and Brussels, where officials have indicated they won’t prematurely lift sanctions against Russia imposed after its full-scale invasion, said the people, who requested anonymity as the discussions are private.

Originally implemented in 2022 by the Group of Seven, the price cap of $60 per barrel on Russia’s oil exports struggled to deal a body blow to the resource-reliant economy. Among other steps, Moscow mustered a “shadow fleet” of mostly older tankers with no ties to Western nations, allowing it to sustain flows to countries such as India and China. While British and European officials have raised objections to abolishing the price cap, they’ve conceded that the emergence of the Russian shadow fleet — now estimated to handle the majority of the nation’s oil trade — has diluted the policy’s impact.

An early barometer of the Trump administration’s approach to Russia sanctions will come next week when a general license permitting a wind-down in purchases of the country’s energy products is set to expire. If the Treasury Department allows the exemption on some transactions to lapse, ending the wind-down and making it harder for nations to import Russian energy, it could ratchet up pressure on the Kremlin.

High capital cost has deterred Asian nations from Alaska LNG

(The Chosun Daily; South Korea; March 6) – While U.S. President Donald Trump has touted Japan, South Korea and other nations as possible investors in the proposed $44 billion Alaska LNG project, the high cost has deterred Asian countries from investing over the decades the project has been under consideration. But shipping LNG out of Alaska to Asia would be weeks shorter than tankers from the U.S. Gulf Coast. “The U.S. likely sees the Alaska LNG project as a strategic move to compete with Canada and Russia for the Asian LNG market,” said Shin Hyun-don, a professor at Inha University.

LNG projects require massive investments in liquefaction, pipelines and terminals. The capital-intensive nature requires securing long-term contracts, often spanning 20 years, before construction begins, akin to preselling apartments before development. By 2016, all major oil companies had pulled out of the project, leaving only a state-owned entity to carry it forward. Many see the Alaska LNG project as expensive and challenging.

When ExxonMobil and other energy giants pulled back from the project in 2016, global energy consultancy Wood Mackenzie called the Alaska project “one of the least competitive energy projects in the world.” Jung Yong-heon, a former professor at Ajou University, said, “With Alaska’s harsh climate limiting construction to only half of the year and the state’s high corporate tax rates, profitability will be hard to achieve.” Korea’s Industry Minister said the government recently agreed to establish a working-level group to discuss the project, though it is too early to determine whether Korea will participate.

Korean businesses remain cautious about Alaska LNG

(The Korea Times; March 6) – South Korea's potential participation in a natural gas development project in Alaska, highlighted in U.S. President Donald Trump's speech to Congress on March 4, has come to the fore, prompting relevant sectors and firms to assess the potential benefits and challenges of joining the initiative. Trump said Korea, Japan and others are seeking to invest in the liquefied natural gas export project.

One day after his address, the Korean stock market responded positively to the prospects for Korean energy firms' venture into Alaska, with major energy development companies and pipe and valve manufacturers seeing their share prices surge. But despite Alaska's potential as an LNG supply hub for Asia and Trump's claim of Korea's interest in it, Korean LNG importers and other energy developers remain cautious about investing in Alaska. Some expressed doubts regarding the project's profitability.

An official from SK Innovation, an energy and petrochemical company, said that if the project was as lucrative as Trump says, a major energy developer from Korea would have already entered. "I believe that Trump, while using his tariff threats against various countries, is seeking investors for the project who will reluctantly comply," the official said. An official from POSCO International, the country’s largest trading company, said that key factors, such as price and volumes, must first be confirmed as feasible before the company decides to invest in the project.

“Although it would diversify Korea’s LNG import locations across the world, whether to invest in the project should be determined only after all the key factors are considered," the official said. "This is sort of like the Daewang Gorae project,” he added, referring to the first drill site for the Korean Energy Ministry's oil and gas development project in the East Sea, which was discovered last month to be far from economically viable.

Louisiana LNG project developer reports $2 billion in overruns

(Reuters; March 6) - Venture Global said on March 6 it expects the project cost for its Plaquemines LNG plant in Louisiana to be around $2 billion higher than its previous forecast due to inflation and other factors. The LNG producer expects the plant to now cost between $23.3 billion and $23.8 billion, compared to a range of $21 billion to $22 billion earlier. Venture Global said costs to complete the project may increase further. The company added it has not accounted for recent tariffs by President Donald Trump's administration, which are expected to raise the cost of equipment.

Last month, U.S. regulators gave the company permission to boost the export capacity of the Plaquemines plant to 27.2 million tonnes per year from 24 million. Venture Global will also start the process toward a final investment decision to add a second LNG plant with a liquefaction capacity of 20 million tonnes per year at its Calcasieu Pass facility in Louisiana, it said. The company already has one LNG export facility at Calcasieu Pass, which is expected to export at least 10 million tonnes per year once complete.

Share price of U.S. LNG developer down 60% from initial listing

(Financial Times; London; March 6) - Shares of Venture Global plunged after the liquefied natural gas producer reported a revenue decline from lower LNG sales and exports. The Virginia-based company, which just listed publicly in January, reported that fourth-quarter revenue fell 7% to $1.5 billion. The company said cargoes of LNG exports declined 18% in the fourth quarter ending in December.

Venture Global’s initial public offering broke below its listing price on its first day of trading. Shares have kept sliding, wiping out about 60% of its market value. Shares fell 36% on March 6, to just over $9. The stock started in January at $24. Some analysts attributed the stock’s most recent decline to being overvalued. But investors were also spooked by the arbitration with customers Shell and BP over accusations that Venture Global failed to deliver shipments under long-term supply contracts from its first Louisiana LNG terminal and instead sold them on high-priced spot markets.

The dispute has raised investor concern over Venture Global’s ability to attract new and existing customers to long-term contracts that are crucial to building the capital-intensive terminals. TotalEnergies CEO Patrick Pouyanné told Reuters that he did not “want to deal with these guys, because of what they are doing. … I don’t want to be in the middle of a dispute with my friends, with Shell and BP.”

U.S. LNG developer talks about future expansion

(Reuters; March 6) - Venture Global said on March 6 it would expand the production capacity of its Plaquemines LNG plant in Louisiana to 45 million tonnes per year, up from the current plans for 27 million, with an additional investment of $18 billion. The new third phase of expansion will consist of 24 trains, adding to the current 36 modular, small-scale trains at the LNG plant, and will bring Venture Global's total investment in both current and planned projects in Louisiana to over $75 billion, CEO Mike Sabel said.

Plaquemines LNG, located 20 miles south of New Orleans, exported its first cargo of LNG in December. “With this new planned expansion, Plaquemines will become the largest LNG export facility built in North America,” Sabel said. The expansion, however, is several years away. The company said it expects a final investment decision on the expansion only after the first production at its CP2 export plant in Louisiana. That multibillion-dollar project is in “an advanced stage of engineering with major procurement work underway,” the company website says, but no final decision as yet.

CP2 LNG is planned for an export capacity of at least 20 million tonnes per year. It would be built near Venture Global’s first liquefaction plant and export terminal, Calcasieu Pass, which started operations in 2022, at 12 million tonnes annual capacity.

United Arab Emirates could buy stake in U.S. gas fields

(Bloomberg; March 7) - The United Arab Emirates’ biggest oil company is seeking to buy its first natural gas producing fields in the U.S. to deepen its presence in the country, according to people familiar with the matter. Abu Dhabi National Oil Co. wants the deals to complement its recent acquisitions of chemical plants and liquefied natural gas export facilities in the U.S., said the people, who asked not to be identified discussing confidential information.

ADNOC CEO Sultan Al Jaber is set to outline the government-owned producer’s investment strategy, including a U.S. focus, during a speech at the CERAWeek energy conference in Houston on March 11, according to sources. He’ll then visit Washington, D.C., for meetings related to both his roles at ADNOC as well as his position as minister of industry and advanced technology.

The UAE’s approach is likely to appeal to U.S. President Donald Trump’s drive to attract investment to America and boost energy production. Emirati companies have discussed building data centers in the U.S. and the two countries are cooperating in technology and AI initiatives. It’s not yet certain if ADNOC has a specific gas acquisition target, or if the company will end up making an offer for an asset. ADNOC declined to comment.

Indonesia wants to use more of its LNG to convert power plants

(Reuters; March 7) - After a decade of false starts, Indonesia is rolling out a $1.5 billion project to distribute liquefied natural gas on a small scale to feed dozens of power plants now running on diesel via a unique hub-and-spoke model across its vast archipelago. The project aims to cut expensive diesel imports, shrinking Indonesia's fuel import bill as the power plants switch to run on domestically produced gas.

PLN EPI, a unit of state power firm Perusahaan Listrik Negara, has taken over leading the project from earlier plans involving state oil company Pertamina, which failed to go ahead due to LNG pricing risks and a lack of financing support. The main challenges facing PLN EPI are to line up LNG supply and manage the costs of building the facilities needed to deliver LNG in small volumes and regasify it for power plants.

The project will distribute LNG to islands mainly in east Indonesia, grouped into clusters. Each cluster will have a receiving terminal from which small tankers will move the fuel to regasification sites which will feed gas to power plants. A successful rollout raises the risk that Indonesia, the world's seventh-largest LNG exporter, may need to start LNG imports later this decade. Much of its exports are committed under long-term contracts.

PLN EPI currently receives a long-term supply of about 60 domestic LNG cargoes per year to feed its gas-fired power plants. However, its demand last year was 84 cargoes, with the shortfall filled by spot supply from Indonesian gas projects, said an official at PLN EPI. The conversion project will require at least a further 29 cargoes. "We are talking to local project operators now. Otherwise, if there is still a shortage, we will need to request an import permit from the government," the PLN EPI official said.

China wants more chemicals, less petroleum products from refiners

(Bloomberg; March 6) - China's pushing its oil refiners to reduce fuel output, raising new questions about demand in the largest importing nation just as the world's producers need buyers for the extra barrels they're adding to the market. The country's top economic planner wants the industry to cut production of refined petroleum products and increase output of petrochemicals, according to its annual work report at the National People's Congress on March 5.

The order isn't necessarily surprising — top refiner Sinopec Group said earlier in the week that consumption of both diesel and gasoline has peaked, leaving petrochemicals as the major growth driver for demand. Diesel consumption has been declining since 2019, a trend exacerbated by the bursting of China's property bubble, which has lessened the need for construction-related transport and equipment. Rising sales of trucks powered by cheaper liquefied natural gas are also reducing demand for diesel.

Booming electric vehicle sales mean that gasoline consumption probably peaked in 2023, according to Sinopec. Sales of the fuel last year were down 9% from 2023 levels, according to data from industry consultant JLC International. The shift in transport fuels has significant implications for the domestic refining industry, already suffering from overcapacity. That could be bad news for traditional suppliers of oil.

U.S. sanctions drive up the cost of Iranian oil to China

(Bloomberg; March 8) - Successive rounds of sanctions on companies and tankers said to be aiding Tehran are finally slowing the flow of Iranian oil to China, as costs rise and more traders are compelled to engage in risky efforts to circumvent U.S. measures. In recent weeks, shipments have been disrupted by a spate of seller defaults, according to executives at Chinese private refineries, the buyers of most of Tehran's cargoes. They blamed logistical challenges and higher expenses snarling the supply chain.

Some Iranian tankers have been sanctioned en route to their destination, the executives said, adding to the disarray. They asked not to be identified as the discussions are private. Trade with China, by far its largest oil buyer, has long been a financial lifeline for Tehran, and one that Washington has increasingly been focused on severing. After the latest rounds of sanctions on tankers, owners, brokers and traders, the U.S. blacklist now covers more than two-thirds of the approximately 150 vessels that handled the shipments of Iranian crude in 2024, according to data analytics firm Kpler.

China has repeatedly defended its right to trade with Iran. But the realities of the vast U.S. financial system mean ports and shipping companies with links outside China are reluctant to risk dealing with sanctioned entities and vessels, especially as President Donald Trump promises tougher enforcement. The cost of working around U.S. curbs is rising. The charter rate for a non-sanctioned supertanker willing to move Iranian oil from Malaysia to China was pegged at between $5 million to $6 million earlier this month — a level that traders say is a record and an increase of as much as 50% from last year.

Refilling U.S. Strategic Petroleum Reserve could cost $20 billion

(Reuters; March 7) - U.S. Energy Secretary Chris Wright estimates it would take $20 billion and years to accomplish President Donald Trump's goal of refilling the Strategic Petroleum Reserve to its maximum capacity, the Energy Department said on March 7. Trump said on his first day in office he wants to fill the reserve up to the top as part of a policy to support oil and gas.

Former President Joe Biden's administration sold nearly 300 million barrels from the reserve, including a 180-million-barrel sale in 2022 after Russia invaded Ukraine. The sales pushed the SPR to the lowest level in 40 years. It will take years to refill the reserve, an Energy Department spokesperson said, and a request of that size to Congress is not something the department would do immediately in one ask, given the other budget concerns of the department.

The SPR is the world's largest emergency crude oil stockpile, with capacity to store about 727 million barrels and currently holds about 395 million barrels. The estimated $20 billion would be enough to buy about 301 million barrels of U.S. crude at today's prices and would bring the reserve to less than 700 million barrels. The SPR was created in 1975 in the aftermath of the 1973 Arab oil embargo and is intended to blunt the impact of supply disruptions, such as hurricanes or war in producer countries.