Oil and Gas News Briefs
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March 27, 2025

Federal Reserve Bank of Dallas survey shows discontent in oil patch

(Financial Times; London; March 26) – President Donald Trump's tariff "chaos" and quest to drive down energy prices are a threat to U.S. oil output and will undermine the president's "drill, baby drill" agenda, shale executives warn. Trump has pledged to usher in a new era of U.S. fossil fuel dominance and cheaper oil, saying a fall in energy prices will help beat back inflation. But shale executives told a survey by the Federal Reserve Bank of Dallas that Trump's trade policies and rhetoric are threatening drilling plans.

"The administration's chaos is a disaster for the commodity markets. 'Drill, baby, drill' is nothing short of a myth and populist rallying cry," one shale producer wrote in a submission to the Dallas Fed. "Tariff policy is impossible for us to predict and doesn't have a clear goal. We want more stability." Another shale executive wrote: "The keyword to describe 2025 so far is 'uncertainty,' and as a public company our investors hate uncertainty," Another said the policy risks suggested it was time for companies to hit the "pause button" on upstream spending.

The quarterly survey is a closely watched gauge of drilling activity in the Southwest — including Texas — the most important oil-producing region in the U.S. The anonymous submissions have for years offered a candid assessment of the mood across the shale patch. The report published on March 26 — the first survey since Trump reentered office — reveals oil executives' discontent and a warning that activity could be on the cusp of slowing down, even in the prolific Permian Basin of Texas and New Mexico.

Sinopec's profit falls 16% amid declining oil consumption in China

(Bloomberg; March 23) - Sinopec's full-year profit tumbled 16% amid sluggish demand, with China's oil consumption likely nearing a peak. The country's biggest refiner's net income fell to 49 billion yuan ($6.8 billion) in 2024 from 58.3 billion yuan a year earlier, the company said in a filing on March 23.

The slump reflects the company's operational challenges, with nationwide oil use falling last year as the government pushes refiners to produce less fuel and more petrochemicals, and as the electric-vehicle boom weighs on consumption of diesel and gasoline. Road-fuels demand is expected to keep declining this year, according to the International Energy Agency.

China aims to maintain nationwide oil output at about 200 million tons a year, more than 4 million barrels per day, while boosting natural gas supplies to enhance energy security, according to a government plan. The refining sector is expected to face prolonged overcapacity, leading to the phase-out of smaller, unprofitable processors.

China's decline in LNG demand poses risk of global oversupply

(Bloomberg; March 25) - China is rapidly cutting back on its liquefied natural gas imports, threatening growth forecasts that have driven multibillion-dollar spending on projects across the globe. Chinese purchases of LNG will fall this year for the first time since 2022, according to BloombergNEF, which had earlier foreseen record-high deliveries. Although the slowdown in demand is providing near-term relief for European buyers competing for the same supply, a sustained drop in consumption risks a glut later this decade, when more projects come online.

BNEF has lowered its projection for Chinese LNG imports this year to 74.89 million tonnes, said analyst Daniela Li. That's about 11 million tonnes less than its previous forecast, and below the amount imported in 2024. It also follows a steep drop in imports over the first two months of the year to a seven-year low. For the revision, Li cited milder weather in the first quarter, an expansion in pipeline gas supply from Kazakhstan, the impact of U.S. tariffs on the economy, and low stockpiles in Europe drawing more gas.

LNG suppliers have invested billions in new export projects on the assumption that China, the world's top buyer, will underpin demand growth for decades. Companies are betting that trading the fuel will drive profits for years to come. But doubts are mounting over China's role in raising consumption. China's LNG demand has become vulnerable because of cheaper alternatives, including coal and renewables, to gas produced domestically or piped from Russia and central Asia. Slower economic growth and pressure to cut energy costs have also taken the edge off China's appetite for the fuel.

Developing countries turn away from LNG when it's too expensive

(Bloomberg; March 24) - I attended a liquefied natural gas conference in Tokyo a decade ago where Pakistan's then-energy minister predicted his country would become one of the biggest LNG importers by 2025. The industry celebrated this strategy as it prepared for a new batch of customers in the emerging world. That didn't pan out. The 2022 energy crisis triggered shortages in Pakistan, which couldn't afford the fuel. Ensuing economic troubles forced Islamabad to increase consumer power and gas prices in order to get bailouts from the International Monetary Fund.

That, along with other policy changes, resulted in widespread declines in gas demand from households, businesses and utilities. Now, in a stark turnaround, Pakistan is dealing with an oversupply of LNG. The state-run importer is asking suppliers to divert scheduled shipments while also stopping spot purchases and essentially giving up on plans to expand facilities.

Some of Pakistan’s problems are self-made, but its current woes signal an inconvenient truth: When LNG gets expensive, developing countries just stop buying. This is particularly troublesome for suppliers plowing billions of dollars into new export facilities with the expectation that these fast-growing economies need more gas. The emerging world is happy to import when prices are at a reasonable level. But a spike threatens to upend the entire energy system and force a rethink of purchase plans.

IEA says renewables and gas demand are up, but LNG price sensitive

(Reuters columnist; March 24) - There is something positive for every type of energy in the International Energy Agency's latest review, but the loudest cheers will be from renewables and natural gas. The world's energy demand grew at 2.2% in 2024, a pace described as "faster than average" by the IEA in its Global Energy Review, released on March 24. The acceleration was led by emerging and developing economies, which accounted for more than 80% of the growth, while the leading sector was electricity, which grew by 4.3% in 2024, or nearly double the annual average of the past decade.

The IEA report showed renewable power capacity rose by about 700 gigawatts in 2024, setting an annual record for the 22nd consecutive year. An increase in nuclear energy resulted in 80% of the rise in global electricity coming from low-emission sources. Two themes emerge from the review. The first is that renewables are driving new electricity capacity. The second is that emerging economies, especially in Asia, will determine what energy sources see the most growth, and most decline, in coming years.

Coal demand increased by a small 1% in 2024 to a record high, with China consuming 40% more coal than the rest of the world combined. Coal's share of the global electricity mix dropped to 35% in 2024, the lowest figure since the IEA was founded in 1974.

A big winner in 2024 was gas, with demand at an all-time high, rising 2.7% to more than 4 trillion cubic feet. The big driver was Asia. But within the positive story, there is a note of caution: China's demand turned negative the last two months of the year, largely due to higher spot LNG prices toward the end of the year that curbed China's appetite for the fuel. The lesson is that Asia is keen to use more LNG but will only do so if the price is competitive. LNG producers must choose between volume growth or strong prices.

U.S. LNG projects face their own uncertainties

(Forbes; March 24) - Major long-term capital investments require predictable profitability and stable capital costs. For proposed U.S. liquefied natural gas projects, these factors appear increasingly uncertain. One of the biggest risks is unpredictable capital costs. The Biden administration and President Donald Trump have imposed tariffs on steel and critical energy infrastructure components, but future tariffs remain uncertain. LNG facilities require specialty materials, such as high-cost cryogenic steel, which could be subject to tariffs of 25%, 50% or higher. This could significantly boost construction costs.

Another challenge is labor availability. Building large LNG production facilities requires a substantial skilled workforce willing to relocate. With multiple ongoing projects and a limited labor pool, competition for workers will drive up wages and could lead to project delays. LNG projects typically take five years to complete after a final investment decision, meaning that investments today must forecast profitability starting around 2030. While permitting under the Trump administration may not be an issue, global LNG supply and demand from 2030 to 2045 remain uncertain.

The European Union and the U.K. remain committed to reducing carbon emissions, which may put pressure on long-term gas demand. While LNG remains critical for energy security, renewables and hydrogen are projected to displace natural gas over time. In Asia, the market remains in flux. Russia is pushing the Power of Siberia 2 pipeline to China, although China is demanding steep discounts. Turkmenistan is debating whether to sell more gas east to China or west to the European Union.

Saudi Aramco considering investment in Louisiana LNG project

(Energy Intelligence; March 25) - Saudi Aramco is understood to be closing in on a major direct investment in U.S. LNG, with several industry sources pointing to a stake in Woodside’s 100%-owned Driftwood LNG project in Louisiana as the likely target. The move would be a significant step in Aramco's ambition to become a leading player in global LNG as the Saudi giant seeks to capitalize on rising demand for gas, particularly in Asia. Aramco, which does not have liquefaction capacity within the kingdom, has sought to jump-start its ambitions via stakes in international LNG players and projects.

Several U.S. and Mideast Gulf industry sources told Energy Intelligence of expectations of a looming deal — with a stake in Louisiana LNG said to be the intended target. Woodside has been open about its desire to farm out about half of its 100% stake in Driftwood, which is targeting an annual production capacity of 11 million tonnes in its initial development phase; 5.5 million tonnes in the second phase; and with permits in place for 27.6 million tonnes a year. Woodside took over the stalled project last year.

Aramco has been actively scouting out potential equity and offtake investment opportunities since making its first move in the LNG sector in September 2023, buying an initial strategic minority stake in Energy Infrastructure Group's MidOcean Energy LNG portfolio company for $500 million. Aramco CEO Amin Nasser said in an earnings call earlier this month that the company is targeting an LNG supply portfolio of 7.5 million tonnes per year. Aramco has said it is keen to have positions in both the Atlantic and Pacific basins to serve customers in key demand centers in both hemispheres.

Japan’s Osaka Gas has enough LNG to cover its needs to mid-2030s

(Reuters; March 26) - Japan's Osaka Gas has no immediate need to buy more liquefied natural gas from the United States, its president said on March 26, as the company already has supplies to last through to around the middle of the next decade. U.S. President Donald Trump is pushing energy sales to Asian allies while threatening trade tariffs, particularly helping to revive Alaska's decades-long LNG export ambitions.

Last month, Japan’s prime minister and Trump discussed the $44 billion Alaska LNG project, which could ship gas to Japan, South Korea and Taiwan. "Even if we were suddenly asked to buy more LNG from the U.S., we do not have the capacity to do so immediately," Osaka Gas President Masataka Fujiwara told a news conference. He declined to comment on the Alaska project, citing a lack of public details. He also said he did not expect to meet any Alaska LNG officials during their visit to Japan this week.

Osaka Gas already purchases the fuel from Freeport LNG in Texas, he said, and that a diversified fuel procurement portfolio would remain a key part of its strategy. Osaka Gas, Japan's second-biggest city gas provider, signed a 15-year sales and purchase agreement last month to buy LNG from Abu Dhabi National Oil Co.’s Ruwais project.

South Korea’s LNG imports in decline, lowest in at least 8 years

(Reuters columnist; March 26) - Record nuclear power production is helping South Korea to cut imports of thermal coal and liquefied natural gas to multi-year lows in 2025, offering a potential blueprint for other power-hungry nations looking to curb reliance on fossil fuel imports. Nuclear reactors have generated more electricity than South Korea's coal and gas-fired plants since September of last year and have helped the country's utilities make steep cuts to fossil fuel purchases and use so far in 2025.

Historically, Korea has been a top-four importer of both coal and LNG, but over the first quarter of 2025 it cut the imports of both fuels by 20% from 2024 with more home-grown nuclear output. Continued high nuclear generation could allow for further drops to fossil fuel imports and showcase the effectiveness of a nuclear fleet in displacing costly and high-polluting fuels. Over the first quarter of 2025, Korea's imports of LNG imports were down 16% to the lowest in at least eight years, signifying a potentially major shift.

Korea's nuclear power fleet churned out a record 17.9 terawatt hours of electricity in January, according to data from Ember, 20% more than in the same month in 2024 and accounting for nearly 35% of the country's power. A sustained drive to raise efficiency levels of the country's nuclear reactors, alongside the start-up of the Shin Hanul-2 reactor in 2024, has resulted in a steady climb in Korea's nuclear-powered electricity supplies. Output from nuclear plants in 2024 exceeded that from Korea's coal and gas-fired plants for the first time, cementing its place as the country's primary power source.

U.S. easing of sanctions on Russia could unfreeze LNG exports

(Energy Intelligence; March 24) - As the U.S., Russia and Ukraine advance discussions on a truce in the Ukraine war, speculation has increased as to whether the U.S. might ease its sanctions against Russia's liquefied natural gas export industry, with an impact on near- and longer-term supplies. A succession of U.S. sanctions has targeted Russian LNG projects since the war broke out, generally clouding Russia's ambitious plans to increase exports to 100 million tonnes per year by 2030, from below 35 million last year.

Russia will likely push for the LNG industry to be one of the first candidates for easing sanctions, as it is crucial for Moscow's gas export diversification plans. However, extending sanctions relief here could bump up against the Trump administration's plans to bolster U.S. LNG exports. In any case, any easing of U.S. sanctions could see near-term Russian supplies boosted by the start of at least the first train of the stalled Arctic LNG 2 project in relatively short order as well as the restart of two smaller, existing Russian LNG projects which shut down earlier this year in the face of U.S. sanctions.

Sanctions relief could also help longer-term developments as they seek to enter a market already poised for significant capacity expansions globally over the next several years, industry experts say. Novatek-controlled Arctic LNG 2, blacklisted by the U.S. in November 2023, would be the most significant source of increased supply near term. The project has already built two trains with a combined capacity of 13.2 million tonnes per year, although both now are idle due to an inability to find buyers.

Germany looking to sublease unneeded floating LNG import terminals

(Bloomberg; March 21) - Germany said it is looking for partners to sublease a couple of its floating liquefied natural gas import terminals after disputes and planning mishaps led to two contract cancellations in recent months. "Talks are ongoing with potential interested parties to sub-rent the ships if we don't need them anymore," a spokesperson for the economy ministry said at a government press conference March 21. "It was never set in stone that we definitely would use these ships for 10 years," she added, referring to the timeframe agreed upon when they were first chartered in 2022.

While Germany's rapid construction of LNG import terminals in the aftermath of the energy crisis is touted as an engineering feat in the face of staggering bureaucracy, the problems it faced recently with two ships that were meant to operate along its Baltic and North Sea coasts signal the rollout hasn't been easy. The latest dispute involves the floating Stade LNG terminal near Hamburg, with the state-owned operator and the project developer accusing each other of failing to fulfill contract obligations.

Operator Deutsche Energy Terminal said it had terminated its contract with Hanseatic Energy Hub, which confirmed it ended the business relationship. The project was still under construction and hasn't been used for imports. It's the second fallout in two months after one of two floating units at the island of Ruegen ended its charter contract with the government over a pricing dispute. Across Europe, several LNG terminals set up hastily after the energy crisis are facing difficulties due to the high cost of operations.

LNG that China doesn't need is going to help Europe restock

(Reuters columnist; March 24) - China's imports of liquefied natural gas have sputtered this year, freeing up volumes that are helping Europe restock its rapidly dwindling supplies following a harsh winter. China's LNG imports are expected to drop by 22% in the first three months of the year compared to 2024, down to 15.8 million tonnes, the lowest level since 2020 for the period, according to analytics firm Kpler.

The decline is due to a confluence of factors, including reduced demand for residential heating in northern China driven by warmer weather, weaker industrial demand, higher domestic gas production and increased pipeline gas imports. It might be tempting to connect this decrease in LNG imports to the escalating trade war between China and President Donald Trump, who has imposed several rounds of tariffs on Beijing, which has retaliated by placing its own duties on U.S. imports, including a 15% tariff on LNG.

But there is limited evidence to suggest that the burgeoning trade war has weighed on China's economic activity or energy imports — or that it is responsible for the country's reduced reliance on U.S. gas. Rather, lower imports from the U.S. likely stem from the fact that the majority of U.S. LNG is sold without restrictions on their final destination, a feature not offered by other suppliers such as Qatar or many Australian producers. This means that if Chinese traders don't need all the U.S. LNG they have committed to buy, they can resell these cargoes to third parties, such as European buyers.

Japan's national LNG policies depend on selling surplus overseas

(Institute for Energy Economics and Financial Analysis; March 25) - Japan's approach to LNG investments is a mix of policies, financial levers and energy security incentives that have developed over more than seven decades. Public financial institutions, like the

Japan Bank for International Cooperation, often have statutory mandates to ensure domestic energy security through LNG financing. The Japan International Cooperation Agency and Japan Organization for Metals and Energy Security provide financing and technical assistance. Nippon Export and Investment Insurance issues insurance and guarantees to Japanese businesses in overseas transactions.

Japan is considered among the largest providers of public finance for fossil fuels. Over the past decade, its public financial institutions have allocated $56 billion for overseas gas projects, primarily through loans and guarantees. Public financing helps lower the hurdle rates for such investments, encouraging private Japanese companies and banks to participate in LNG projects alongside publicly backed insurance, loans, guarantees and equity investments. Megabanks Mitsubishi UFJ, Mizuho and SMBC are among the world’s five largest financiers of LNG projects, providing over $27 billion 2021 to 2023.

Japan’s Ministry of Economy, Trade and Industry has set a 2030 target for the nation’s companies to transact at least 100 million tonnes per year of LNG. Although Japan’s domestic gas demand has fallen 25% since 2014, the target implies that companies should continue investing in new LNG supplies while reselling more volumes overseas. Japan’s long-term strategy and investments aim to maintain its dominant position and secure more favorable prices while grappling with uncertainty in future energy demand.

Commissioning cargo due at LNG Canada terminal April 1

(Reuters; March 24) - A liquefied natural gas tanker is expected to arrive in Canada on April 1 to start cooling down LNG Canada's plant in Kitimat, British Columbia, the final step before the plant begins production of the super-chilled gas. The cargo is coming from an LNG export terminal in Australia. "The delivery is expected in early April and is critical to our safe startup and commissioning process now underway, and to achieving our first cargo by the middle of 2025," LNG Canada told Reuters on March 24.

The development is Canada's first liquefied natural gas export facility, and when complete is designed to export 14 million tonnes per year of the fuel. LNG Canada is a joint venture of Shell, Malaysia’s Petronas, PetroChina, Mitsubishi and Korea Gas. Once LNG Canada enters service, Canadian gas exports to the U.S. will likely decline, traders said, as Canadian energy firms will have another outlet for their gas and will sell more to other countries. For now, the U.S. is the only outlet for Canadian gas.

Canada exported about 8.6 billion cubic feet per day of gas via pipelines to the U.S. in 2024, up from 8 bcf in 2023. The average was 7.5 bcf per day over the prior five years (2018-2022), according to data from the U.S. Energy Information Administration. That compares with a record 10.4 bcf per day in 2002, before the U.S. shale oil and gas production boom filled the market.

[Lower-than-average U.S. gas storage levels could drive up prices]

(Wall Street Journal; March 25) - The U.S. is ending the winter with low natural gas storage levels that could lead to soaring prices by year-end if production doesn't increase to meet rising demand. During the months of April through October, the U.S. stashes gas underground to be used during the following winter when heating demand for homes and businesses lifts consumption. But the job of refilling the caverns this year comes with prospects of higher gas demand from an electricity sector scrambling to power a proliferation of artificial intelligence data centers and the expansion of liquefied natural gas exports, where gas is cooled into liquid form for shipment overseas.

"People are starting to look around and say where's that additional supply going to come from?" said Eli Rubin, senior energy analyst at EBW Analytics. "Production may be up a bit, but it's not going to keep pace with the demand." Natural gas stocks are currently around 1.7 trillion cubic feet, or 10% below the five-year average for the time of year. At the end of March 2024, storage was about 40% above the average.

"Because of the stronger-than-expected storage withdrawals in January and February, we now expect there will be less gas in storage for the rest of this year," the U.S. Energy Information Administration said in its latest outlook. With LNG exports rising, the U.S. could reach next winter with as little as 3.5 trillion cubic feet in storage "and that is not a healthy number," said Gary Cunningham, director of market research at Tradition Energy. Futures markets are already pricing in tighter supplies for next winter, with December, January and February contracts trading above $5 per million Btu.

[Canadian election candidates talk of opening new oil and gas markets]

(S&P Global; March 24) - Canada is headed to federal polls on April 28 to elect its House of Commons, with contesting political parties unveiling plans to build oil and gas pipelines to the coasts to open up new markets in Europe and Asia — in a push to wean Canada away from the U.S. A prime elections issue will be the 25% tariff proposed by the Trump administration on major Canadian exports (oil and gas would be at 10%) that both parties have termed "unfair" and "unjust," spurring nationalism among voters.

The western Canadian province of Alberta is the single-largest exporter of oil to the U.S., at about 4.3 million barrels per day, which provides feedstock for refineries primarily in the Midwest and the Gulf Coast. It also exports almost 5 billion cubic feet per day of natural gas. "We need to fight the Americans and deal with Donald Trump's tariffs," Liberal Party leader and Prime Minister Mark Carney said March 23 on a webcast from Ottawa while announcing the upcoming elections.

"We will act to unlock major infrastructure projects and get them moving rapidly, including clean and conventional energy, critical minerals and build new trade corridors with reliable trading partners," Carney said. Conservative Party leader Pierre Poilievre has unveiled plans to resurrect the Energy East oil line from Alberta to the Atlantic Coast to target markets in Europe and the Northern Gateway oil pipeline from Alberta to the Pacific Coast that were canceled during the past nine years of Liberal Party rule.

Trump threatens 25% tariff on any country that buys Venezuelan oil

(Bloomberg; March 24) - President Donald Trump on March 24 threatened a 25% tariff on any nation purchasing oil and gas from Venezuela, ratcheting up his dispute with the Latin American country over immigration with a move that risks roiling the global energy trade. The move aims to cut a major source of revenue for the regime of Nicolás Maduro while also putting further pressure on China, which is a major purchaser of Venezuelan crude and already in the crosshairs for 20% tariffs under Trump.

The tariff would go into effect April 2, Trump said in a social media post, the same day his administration is expected to unveil a wider array of tariffs targeting multiple countries, adding yet another layer to the overlapping duties that have rattled trade partners and risk gumming up the global economy. Trump referred to the new charges as “secondary tariffs,” a potentially novel use of the trade restriction similar to so-called secondary sanctions imposed on firms or people doing business with targeted entities.

The pressure from Washington also comes as exports of Venezuelan crude rose to a five-year high in February, before the Trump administration said it was forcing Chevron to wind down its operations in the country by April 3. The largest buyers of Venezuela oil include U.S. refiners, which depend on the nation’s heavy grade of crude, along with China, Cuba and companies in Europe and India. Trump didn’t detail any plans to put tariffs on Venezuelan oil sales to the U.S.

EU ban on transshipment of Russian LNG takes effect

(gCaptain; March 26) - More than three years into the Ukraine War, the European Union has finally slammed the door shut to the transfer of Russian LNG across its terminals. Ukrainian officials have long called for the bloc to begin phasing out the Russian gas, but support in Brussels for a full-fledged ban remains haphazard. The transshipment ban taking effect March 26 is the lowest common denominator the European Commission and its members could agree to in this round of sanctions against Russia.

EU member states continue to send significant funds to Russia for the delivery of LNG from the Arctic Yamal project. In 2024 Russia managed to send 16.65 million tonnes of liquefied gas to the EU, a new record, totaling more $8 billion. Smaller volumes also originate from the Portovaya and the Cryogas Vysotsk LNG terminals, both in the Baltic Sea. For several European states, the amount of funds they pay for LNG from Russia far exceeds the financial and military aid they provide to Ukraine.

With the transshipment ban the EU targets around 20% of Russian LNG arriving at its terminals. Key transfer hubs at Zeebrugge in Belgium and Montoir in France announced they will comply with the ban. In 2024 Yamal LNG transshipped 3.3 million tonnes of LNG at EU terminals, with 2.5 million tonnes in Zeebrugge and the remainder at Montoir in France. Transshipping helps Yamal LNG optimize the use of its ice-capable Arc7 LNG carriers by using conventional tankers for much of the route to the ultimate customer.