Oil and Gas News Briefs
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Oil prices fall for third day in a row to lowest in 3 years

(Financial Times; London; March 5) - Oil prices fell for the third day in a row, tumbling nearly 3% to the lowest level in three years as fears rise that U.S. President Donald Trump's trade war will slow economic activity and cut crude demand. Brent crude, the international benchmark, dropped as low as $68.33 on March 5, the lowest since December 2021. U.S. marker West Texas Intermediate declined over 4% to $65.22.

The moves came after the U.S. Energy Information Administration reported a larger-than-expected rise in American crude stocks, adding to concerns about a slowdown in economic activity after Trump confirmed new trade tariffs this week on Canada, Mexico and China. Crude inventories rose by 3.6 million barrels in the past week, far exceeding analyst estimates. The data was the latest in a series of negative indicators for demand.

"The key worry for markets at the moment is Trump's tariffs, the retaliation from affected countries and what will happen next," said Callum Macpherson, head of commodities at Investec. He added that the price was "at risk of a deeper correction." The March 5 drop added to losses since March 3 when OPEC+ surprised the market by confirming it would proceed with a previously delayed plan to pump more crude starting in April.

OPEC+ decides to proceed with small production increase in April

(Reuters; March 3) - OPEC+ has decided to proceed with a planned April oil output increase, the group said on March 3, a move that follows U.S. President Donald Trump renewing pressure on OPEC and Saudi Arabia to bring down prices. The increase is the first since 2022 from OPEC+, which includes the Organization of the Petroleum Exporting Countries, plus Russia and other allies.

Eight OPEC+ members that made the group's most recent layer of cuts held a virtual meeting and agreed to proceed with the increase, OPEC said. The increase is 138,000 barrels a day, according to Reuters calculations. "This gradual increase may be paused or reversed subject to market conditions," OPEC said. Oil has been trading in a range of $70 to $82 a barrel recently in anticipation of changes to U.S. sanctions on producers Iran, Russia and Venezuela as well as U.S. tariffs on China that could reduce demand.

Trump has renewed pressure on OPEC to bring down prices. However, his plans to cut Iran's oil exports to zero and the cancellation last week of a Chevron license to operate in Venezuela prevented prices from falling further. OPEC+ has been cutting output by

5.85 million barrels per day, equal to about 5.7% of global supply, agreed in a series of steps since 2022 to support the market. In December, OPEC+ extended its latest layer of cuts through the first quarter of 2025. It was the latest of several delays. Based on the plan, the gradual unwinding of 2.2 million barrels per day of cuts will begin in April.

OPEC+ production increase aimed at Trump, not market demand

(Reuters columnist; March 4) - The OPEC+ group of oil exporters justified their decision to increase production by pointing to "the healthy market fundamentals and the positive market outlook." They must be looking at a completely different market than the rest of us. OPEC+, which includes the Organization of the Petroleum Exporting Countries, plus Russia and other allies, said in a statement on March 4 that it will go ahead with a planned output increase in April.

The volume of oil is 138,000 barrels per day, according to Reuters calculations. It’s not really enough to make much of a difference to global supply, but more than enough to impact investor sentiment. It's hard to take OPEC+ at its word, however, as the current state of the market looks anything but healthy. Asia, the top-importing region, saw arrivals drop by 780,000 barrels per day in the first two months of 2025 compared with the same period last year, according to data compiled by LSEG Oil Research.

Asia represents about 60% of global seaborne crude oil imports, giving the continent an outsized role in determining demand and prices. But even outside of Asia, the oil market looks far from healthy. Seaborne imports in the Europe, Middle East and Africa region (EMEA) dropped to 9.1 million barrels per day in the week ending Feb. 21, according to LSEG, down from 12.8 million the prior week. EMEA seaborne arrivals were 14.2 million barrels per day in January, meaning they dropped off significantly in February.

The likely disruption to crude markets from U.S. President Donald Trump's latest round of tariffs, and the inevitable retaliation, may also provide some insight into OPEC+'s decision to raise its oil output modestly in April. It's safe to say the stated reason for the increase is not the actual reason, but OPEC+ may have been trying to get ahead of the Trump effect. By raising output, the group can be seen to be meeting one of Trump's key demands, namely that it pumps more in order to lower global crude prices.

U.S. policies and politics, not Saudis, appear to be driving oil markets

(Reuters; March 5) - Is OPEC's iron grip on the oil markets a thing of the past? Events over the past 24 hours suggest power in the oil market has shifted to Washington from Riyadh, in part because of President Donald Trump and in part because of longer-term shifts. Trump on March 4 announced 25% tariffs on imports from Canada and Mexico, including 10% on Canadian energy, and also a tariff doubling on Chinese goods to 20%.

In response, the United States' three biggest trading partners embarked on retaliatory measures and global markets went into retreat as the outlook for trade and economic activity darkened. Oil prices slid. News that the U.S. would pause military aid to Ukraine following last week's angry clash with President Volodymyr Zelenskiy only added to the markets' nervousness. Speculation of a possible end to the war in Ukraine and the easing of U.S. sanctions on Russia increased the downward pressure on crude prices.

The headlines from Washington overshadowed what would once have been a blockbuster announcement for oil markets: OPEC+ said they would move forward with the first output increase since 2022. Starting in April, OPEC+ will over the following 18 months unwind 2.2 million barrels per day of production cuts. The group said its decision stemmed from "healthy market fundamentals and the positive market outlook."

That, however, is not reflected in the physical market. The International Energy Agency last month forecast that global supplies will exceed demand this year before any OPEC+ production additions. So given that Trump has called on Saudi Arabia to lower oil prices, the OPEC+ decision smacks of political considerations to please Washington.

Kazakhstan boosts oil production to record high

(Reuters; March 3) - Kazakhstan raised crude oil and gas condensate production in February by 13% from January to a record high 2.12 million barrels per day, a source told Reuters on March 3, again exceeding its quota within the OPEC+ group of oil producers. Excluding gas condensate, a type of light oil, crude oil production jumped last month by 15.5% from January to 1.83 million barrels per day, according to the source familiar with the official statistics and Reuters calculations.

Kazakhstan has persistently exceeded its output quota of 1.468 million barrels per day under the production-curbing deal struck by the Organization of the Petroleum Exporting Countries and allies including Russia — together known as OPEC+. Kazakhstan has promised to cut its output and compensate for overproduction. However, it is boosting oil production at the Chevron-led Tengiz oil field, country's largest. The field saw production increase to 904,000 barrels per day last month from 640,000 in January following completion of maintenance and after an expansion program, the source said.

‘Fundamental reset’ at BP a big change from low-carbon 2023 plans

(Bloomberg; March 3) - The chief executive of BP oozed confidence as he strode out onto a Houston stage in 2023 to tell an audience of fellow oil executives that he no longer ran an oil company. “I lived in America long enough to know that when you’re getting an electric F-150, the world is going electric,” Bernard Looney, then in his fourth year running BP, told the attendees at CERAWeek by S&P Global. “Our strategy is to transform BP from an international oil company to an integrated energy company.”

Two years later, Looney is out of his job and BP has not become the low-carbon, fuels-of-the-future giant it wanted to be. Far from it. The company is now in turmoil after a plunge in its shares made it the target of one of Wall Street’s most aggressive activists. Murray Auchincloss, BP’s current CEO, last week pledged to “fundamentally reset” the company’s strategy, increasing spending on oil and gas nearly 20% to $10 billion a year. He also slashed investments in clean energy, biofuels and batteries.

After years of exploring the future beyond petroleum, as promised in BP’s long-discarded advertising slogan, the world’s supermajor oil companies are now reverting to the same fossil fuel-focused strategy that fed their profits — and rising global temperatures — over the past century. The next era will come with a new emphasis. Executives will now likely argue natural gas is needed to power the artificial intelligence revolution. But what gets left for dead is the idea that Big Oil will transition to Big Energy, underscored by President Donald Trump’s return to the White House.

Mitsubishi talks of FID on LNG Canada expansion ‘at an early date’

(S&P Global; March 3) - Japan's Mitsubishi hopes to reach a final investment decision to expand and possibly double the production capacity at LNG Canada "at an early date," alongside its partners, Masaru Saito, executive vice president and CEO of the company's Environmental Energy Group, told Platts, part of S&P Global Commodity Insights. Construction of the Shell-led export terminal in Kitimat, British Columbia, is nearing completion, at 14 million tonnes per year production capacity.

"First, this is about whether we can firmly reach the FID, which we will carefully assess," Saito said in an interview in Tokyo on Feb. 28. LNG Canada, in which Mitsubishi holds a 15% stake, is in the final stages of construction and is set to start production as planned in mid-2025, he added. "We are working hard with the contractors to ensure that we can achieve this target and, ideally, start production a day earlier than planned," he said, declining to elaborate on the exact timing for the first cargo shipment.

Saito said LNG Canada's supplies will be competitive, backed by upstream gas assets and "an extremely low GHG (greenhouse gas) emission rate per ton. … The location is advantageous as it is close to the Far East market from the West Coast loading ports.” Mitsubishi is considering an LNG Canada expansion as it aims to boost its equity LNG production volumes to around 18 million tonnes per year by the early 2030s, from the current level of 13 million. He said the company will concentrate on expansion of its existing assets, including LNG Canada and its stake in Cameron LNG in Louisiana.

Japan says buyers waiting for more details about Alaska LNG

(The New York Times; March 5) - President Donald Trump said March 4 that Japan and South Korea want to work with the U.S. on a $44 billion plan to export natural gas from Alaska, reviving interest in one of the world's biggest energy projects. The proposal includes building an 800-mile pipeline from fields north of the Arctic Circle to a port where the gas would be liquefied and shipped to Asia. Because of high costs and long construction time, Alaska LNG has been seen as a long shot in the industry. For years, energy companies and officials in Japan and Korea rebuffed requests to participate.

However, under the threat of tariffs from Trump, officials and executives in Japan, South Korea and Taiwan have started exploring ways to invest in Alaska LNG. Discussions have included infrastructure financing and signing long-term contracts to purchase its gas. "Japan and South Korea and other nations want to be our partner with investments of trillions of dollars each," Trump said on March 4 during his address to Congress.

Trump did not explain how the project could see trillions of dollars in investment. But the consideration of Alaska gas shows how Trump is already beginning to make potentially lasting marks on the U.S. energy industry. Asked about Alaska LNG at a news conference on March 5, Japan's chief cabinet secretary, Yoshimasa Hayashi, said that if good business relations were maintained, "investment in the U.S. will progress in various fields." For now, he said, public and private customers are discussing their future LNG gas purchases and waiting for more details about the Alaska project.

South Korea, U.S. will establish working group on energy and tariffs

(Reuters; March 4) - South Korea and the United States have agreed to establish a working-level group to discuss a gas pipeline project in Alaska, energy, shipbuilding, tariffs and non-tariff barriers, South Korea's Industry Minister Ahn Duk-geun said on March 4. The United States has asked South Korea and other countries if they are interested in participating in an Alaska LNG project, Ahn told reporters in Sejong. He added that the two sides will discuss potential cooperation in energy.

"South Korea has a high dependence on the Middle East for energy suppliers, making diversifying import sources a key part of energy security," he said. His comments come after he traveled to Washington last month seeking exemptions from Trump administration tariffs that are expected to hit South Korea's export-reliant economy hard.

During the trip, Ahn indicated South Korean interest in possibly joining the proposed $44 billion Alaska gas project in partnership with the U.S. and Japan, Yonhap News Agency reported. Ahn met with senior U.S. officials including Secretary of Commerce Howard Lutnick and Secretary of the Interior as well as co-chair of the White House National Energy Dominance Council Doug Burgum. South Korea is the world's third-largest importer of liquefied natural gas, behind China and Japan.

LNG project in Texas looks at expansion, even before startup

(Pipeline & Gas Journal; March 3) - NextDecade is expanding its Rio Grande LNG project in Brownsville, Texas, with plans for additional liquefaction trains beyond the five currently under development in its first phase, the company announced in its fourth-quarter 2024 business update on Feb. 28. The company is preparing to seek federal approval for Train 6 this year while advancing early-stage plans for Trains 7 and 8.

“Train 6 is being developed inside the existing levee at the site, which is expected to provide advantages in site preparation and expected economics. Additionally, we expect to explore options for the development of up to two additional trains at our site,” Matt Schatzman, NextDecade chairman and CEO, said. The company reported that Phase 1, which includes Trains 1 through 3, remains on schedule and budget under its engineering, procurement and construction contract with Bechtel Energy.

Meanwhile, the U.S. Court of Appeals for the D.C. Circuit vacated the Federal Energy Regulatory Commission’s reauthorization of the Rio Grande LNG project, requiring a supplemental environmental impact statement. FERC plans to issue a draft EIS in March, a final version by July, and a decision by November. NextDecade said it continues construction on Phase 1 and is pursuing legal options to maintain regulatory approvals for Trains 4 and 5. The first five trains are planned for 17.6 million tonnes per year annual production capacity. The project is expected to cost at least $12 billion.

China’s LNG imports fell to 5-year low last month

(Bloomberg; March 3) - China’s liquefied natural gas imports fell to a five-year low last month on weak demand and higher European prices luring cargoes there. Inward shipments were at 4.5 million tonnes for the month, according to Kpler data, resulting in China coming in behind Japan as the biggest importer for the second month in a row. Asia’s largest economy took the least LNG since early 2020 when COVID shut down factories and curbed demand, forcing Chinese buyers to declare force majeure.

It’s been a relatively warm winter in China, there are ample supplies in storage and industrial demand is fairly low, said Wei Xiong, head of China gas research at Rystad Energy. The brimming inventories are likely to continue to weigh on imports through the end of the heating season, she said. Some Chinese gas firms have been reselling spot cargoes over the past few months to take advantage of more attractive prices abroad, particularly in Europe. Reselling activity is expected to remain high in 2025, following the imposition of the 15% tariff by China on U.S. LNG, Xiong said.

Gas supply to Nigeria LNG plant cut by vandalism, sabotage

(Bloomberg; March 3) - Natural gas supplies to Nigeria LNG have fallen to one-fifth of the massive plant's needs, according to people familiar with the matter. Vandalism and sabotage have curtailed operations at the plant and curbed exports of liquefied natural gas. Only two of the facility's six liquefaction units are currently functional and three gas pipelines are down, Chief Executive Officer Philip Mshelbila said last week.

Declining output from Nigeria's only LNG facility could trigger higher spot prices as global supply to Asia and Europe tighten. In 2024, almost half of Nigeria's LNG exports went to Asia, with a third going to Europe and the remaining share to the Americas and Middle East, according to data compiled by Bloomberg. Nigeria's LNG exports declined by 40% in February from the previous month, data compiled by Bloomberg show. Shell is one of the stakeholders in Nigeria LNG, along with Nigerian National Petroleum Corp., TotalEnergies and Eni.

U.S. extends startup deadline for Golden Pass LNG in Texas

(Reuters; March 5) - The U.S. Department of Energy said on March 5 it has approved an extension of a permit for exports of liquefied natural gas from the Golden Pass LNG project, jointly owned by QatarEnergy and ExxonMobil, being built in Texas. The approval will grant additional time to begin LNG exports to Asia and Europe from the originally estimated $10 billion project under construction in Sabine Pass, Texas.

The project could begin exporting as early as later this year. At startup, it will become the ninth large export terminal in the U.S. QatarEnergy owns 70% of the joint venture and ExxonMobil 30%. The developers asked federal energy regulators in August for a three-year extension to complete construction of the project, saying that a change in primary contractors — after the bankruptcy of the project's main contractor last year — required an extension from November 2026 to November 2029. When completed, Golden Pass will have the capacity to export 15.6 million tonnes per year of LNG.

Irish government backs plan for standby LNG import terminal

(Bloomberg; March 4) – The Irish government has approved a plan to develop an emergency gas import facility, rolling back on its ambitious climate goals in favor of beefing up energy security. A floating liquefied natural gas terminal will be developed as a "strategic gas emergency reserve," according to a statement by the Environment Department on March 4. The facility will be used to import, store and regasify fuel for use in the national grid.

It will be owned on behalf of the state by the system operator, Gas Networks Ireland, the statement added. The plan comes as European nations have grown increasingly concerned about gas storage levels this year, while dependency on LNG has increased as Russian pipeline gas has mainly disappeared from the continent.

It's a departure from the stance Ireland has long taken on what energy facilities it approves. In 2023, the country's planning authority rejected an application to build an LNG import facility over climate concerns. While that decision was later overturned, it made Ireland one of the only countries ever to reject an LNG facility on the grounds that it was contrary to government policy. That was during the last government, in which the Green Party was a coalition partner. "Right now, particularly in the world we are living, energy security really matters," Deputy Prime Minister Simon Harris said on March 4.

China may impose import controls amid coal oversupply

(Bloomberg; March 3) - China could reestablish import controls on coal, after leading industry groups warned of mounting oversupply in the world's biggest market for the fuel, according to Morgan Stanley. The bank said a complete ban is unlikely given China's obligations to the World Trade Organization, but purchases could be discouraged if the authorities impose delays or inspections on imports, analysts including Sara Chan said. Similar controls were imposed in 2014, 2017 and 2018.

China maintained a cap on coal imports of about 300 million tons until 2022, but has blown past that level in the past couple of years due to energy security concerns. The country bought a record 543 million tons last year. Now, demand is falling well short of expectations, resulting in a rapid decline in prices and a continuous drop in domestic coal mine profitability, the China Coal Transportation and Distribution Association and the China National Coal Association said on Feb. 28.

To cope with persistently high inventories of the fuel, miners should control output and importers should curb shipments of lower quality fuel, the associations said. Beijing has prioritized coal production in recent years to avoid a repeat of the power crunch experienced in 2021, with Russia's invasion of Ukraine in 2022 reinforcing the strategy. The policy has been successful in ensuring energy security but has come at the expense of progress on decarbonization and has led to a spate of fatal mine accidents.

U.S. sanctions making it hard on Russia to deliver its oil

(Bloomberg; March 3) - Sanctions targeting Russia's oil sector are working, up to a point. It's always been a delicate balancing act, trying to reduce the Kremlin's earnings while avoiding the loss of millions of barrels a day of supply. European bans on imports of Russian crude and refined products forced the country to find new markets much further from its shores. For crude, that meant India. But the switch came at a price.

Discounts to Indian buyers to encourage purchases and higher transportation costs bit into Moscow's revenue. A price cap that prohibited shipping services for cargoes sold above certain thresholds forced Russia to amass a huge shadow fleet of tankers, adding to the expense. Sanctions on individual vessels, especially those imposed by the U.S., were effective in idling parts of that flotilla, but they couldn't keep pace with the number of ships being added. So far, Russia has been able to keep loading its oil onto ships. But it's having greater difficulty getting it off the ship.

Just five of 19 crude shipments loaded since Jan. 10 from two projects off Sakhalin Island have been delivered. Previously, those cargoes spent less than a week at sea; some have now been there for almost two months. Flows from the Arctic are starting to show a similar pattern. Then-President Joe Biden's sanctions, including on his last day in office on Jan 10, are hitting some key Russian oil flows, though it remains to be seen whether the new administration will continue to apply that pressure.

[Canada failed to develop 3 of 4 proposed oil pipelines in past decade]

(Reuters; March 1) - The Canadian energy sector has proposed several major oil pipeline projects in the past decade, but only the Trans Mountain expansion project from Alberta to the British Columbia Pacific coast was completed. There are three other pipelines that never came to be. They include Energy East, a proposed C$15.7 billion (US$11 billion) project which would have carried oil cross-country from Alberta to the Atlantic province of New Brunswick. It was canceled in 2017 by TC Energy in the face of regulatory hurdles and opposition from environmental groups, particularly in Quebec.

Enbridge proposed the Northern Gateway pipeline in 2006 to carry oil from Alberta to the Pacific coast. The C$7.9 billion (US$5.5 billion) project faced opposition from local and Indigenous communities that feared a marine spill. The project died in 2016 after the Canadian government canceled its permits. The third line, TC Energy's Keystone XL, would have carried crude from the oil sands of northern Alberta to the major U.S. oil storage hub at Cushing, Oklahoma, and then on to U.S. Gulf Coast refineries.

That project was rejected on environmental grounds by then-President Barack Obama's administration, then revived during President Donald Trump's first administration. Next, then-President Joe Biden revoked the pipeline's permit on his first day in office in 2021. TC Energy has sought to recover more than $15 billion from the U.S. government for cancellation of the project. TC Energy spun off its oil pipeline business in October last year into a new company named South Bow Energy. Trump said on Feb. 24 that he wanted the pipeline built, but South Bow said it had moved on.