Oil and Gas News Briefs
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Goldman Sachs analysts say Trump prefers U.S. oil at $40 to $50

(Bloomberg; May 13) - President Donald Trump appears to prefer U.S. oil prices between $40 and $50 a barrel, according to Goldman Sachs, citing an in-house analysis of his social media posts on the topic. Trump "has always been focused on oil and on U.S. energy dominance, having posted nearly 900 times," analysts including Daan Struyven said in the report. His "inferred preference for WTI appears to be around $40 to $50 a barrel, where his propensity to post about oil prices bottoms (out)," they said.

Oil prices — both global crude benchmark Brent, as well as the U.S. counterpart West Texas Intermediate, or WTI — are often buffeted by the president's prolific social media commentary, which can reference everything from OPEC policy and U.S. gasoline prices to sanctions against nations. His administration has favored increased domestic oil production, as well as a broad push for cheap energy to help bring down inflation.

The president "tends to call for lower prices (or celebrate falling prices) when WTI is greater than $50," the analysts said. "In contrast, President Trump has called for higher prices when prices are very low (WTI less than $30) often in the context of supporting U.S. production." WTI — which last traded just above $63 a barrel — has shed 12% so far this year, hurt by the fallout from Trump's trade tariffs, as well as a decision by OPEC+ to loosen supply curbs on its member nations at a faster-than-expected pace.

Low prices trump president's pledge to boost U.S. oil production

(POLITICO; May 12) - President Donald Trump's campaign promise of U.S. "energy dominance" is running into a flood of OPEC crude oil — a surge of fuel production pushed by the Saudi leaders greeting him during his Mideast trip this week. But don't expect Trump to complain about the cartel's plan to raise output by nearly a million barrels per day in June, according to three people familiar with the trip who were granted anonymity to describe private discussions.

The planned production surge has contributed to a sharp drop in oil prices this year, bringing economic pain to U.S. petroleum companies and undermining Trump's pledges of a huge increase in American energy production. But it also makes it easier for Trump to fulfill a second crucial but contradictory promise — big cuts in energy prices for the inflation-weary voters who helped return him to the White House.

The dynamic is another example of how external forces, including the Saudis' dominant role in the oil markets, continue to complicate Trump's frequent calls for a new American "golden age." Trump's current stance on energy appears to confirm what U.S. oil executives have been fearing: If caught between higher production and low prices, he'll pick the latter, said Bob McNally, founder and president of the consulting firm Rapidan Energy Group and a former energy adviser to President George W. Bush. "If there was any confusion as to which he (Trump) prefers, there's none anymore," McNally said.

U.S. shale oil output probably has peaked, but decline will be slow

(Bloomberg columnist; May 12) - The chain-smoking protagonist of "Landman," the American television drama series about the Texas oil industry, puts it better than anyone else: "You want oil to live above 60, but below 90," says the fictional Tommy Norris. "Seventy-eight dollars a barrel, that's about perfect." In real life, prices are far below that "perfect" level. Earlier this month, West Texas Intermediate, the industry benchmark, changed hands below $60 a barrel, touching a four-year low of $55.

Although prices have recovered in recent days, the impact is starting to be felt in Texas and beyond: Shale companies are trimming spending, announcing they will reduce the number of drilling rigs and fracking crews. The U.S. accounts for two in 10 barrels of oil pumped worldwide, so what happens there has an outsize impact. At current prices, U.S. shale oil output has probably peaked. Just don't expect a rapid decline like the downturns of 2015 and 2020; the most likely trajectory is an undulating plateau.

Whatever the shape, it will be crucial for the global market. OPEC+ is boosting output faster than expected, and demand growth is slowing due to the trade war. That leaves shale as a key adjusting lever. "We had expected that U.S. production overall would peak between 2027 and 2030," Vicki Hollub, CEO of top shale producer Occidental Petroleum told investors last week. "It's looking like that peak could come sooner."

LNG Canada project almost complete after 7 years of construction

(Globe and Mail; Canada; May 10) – At a sprawling construction site in northern British Columbia, LNG Canada CEO Chris Cooper points out the finishing touches being made at the terminal that will soon export liquefied natural gas. The finish line is within sight, more than 12 years after the joint venture received its export license. The C$18 billion terminal is now more than 98% complete after nearly seven years of construction, and the first LNG shipment from Kitimat is slated to set sail to Asia by mid-2025.

One of the largest industrial projects ever constructed in Canada has risen on the 1,000-acre site. As the trade war escalates, the Canadian energy industry is looking to

LNG Canada as a promising sign that the country is capable of shipping its resources to new markets and reducing its economic dependence on the U.S. "We see this kind of Canadian movement of standing together and actually taking control of what we want to do with our natural gas in Canada," Cooper said. "That diversification of Canada's gas into Asia is a big advantage for Canada, and the timing is very important."

During the recent federal election campaign, both the Liberals and Conservatives underscored the importance of the project's possible expansion, which would double the plant capacity to 28 million tonnes a year. Shell and the four co-owners are considering whether to approve Phase 2. Shell owns 40%; Malaysia's state-owned Petronas holds 25%. The other participants are PetroChina and Japan's Mitsubishi (each with a 15% stake) and Korea Gas (5%). The decision on whether to expand is expected next year.

Japanese companies remain skeptical of Alaska LNG project

(The Japan Times; May 14) - Japan is facing increasing U.S. pressure to invest in the Alaska LNG project. In February, President Donald Trump announced the possibility of a joint venture with Japan over the project during a summit with Prime Minister Shigeru Ishiba, and in March, Alaska Gov. Mike Dunleavy visited Tokyo to lobby the government and private industry. A possible high-level energy summit in Alaska early next month could see further pressure by the U.S. on Japan to sign up for the project.

Still, Japan's participation in the $44 billion project is anything but certain as energy firms remain skeptical of the project's profitability and viability. Takashi Uchida, the president of the Japan Gas Association, which represents all of Japan's major gas companies, told an April 23 news conference that even though the basic design plans had yet to be finalized, it was already clear the project was going to be extremely costly.

After Trump announced tariffs last month, some energy firms cautiously indicated they might be open to discussions about getting involved in the Alaska project. An executive at JERA, Japan's largest power provider, told an April 28 news conference that the company would like to consider Alaska as a promising LNG supplier, but among various other options. The U.S. is Japan's fourth-largest LNG supplier. Even with political support, where the money for the long-proposed project will come from remains unclear.

Skepticism that China will buy a lot of U.S. energy commodities

(Reuters columnist; May 13) - The move by the U.S. and China to reduce import tariffs on each other and negotiate has been broadly welcomed by markets, but the de-escalation will do little to restore trade in energy commodities. The deal pulls the trade relationship back from the cliff, but it does little to provide certainty beyond the 90-day period and even less to encourage China to resume buying U.S. energy commodities.

Imports of oil, liquefied natural gas and coal have ground to a halt since U.S. President Donald Trump launched his trade war across the globe, with particular focus on China. But while tariffs of 125% killed China's imports of U.S. energy, they were effectively gone as soon as Beijing put an initial 10% tariff on oil and 15% on LNG and coal in early February. This means that U.S. crude, LNG and coal will remain uncompetitive in China even at the lower negotiated 10% tariff for the next 90 days. No U.S. crude is scheduled to arrive at Chinese port in May, according to commodity analysts Kpler.

Similar to crude, China has halted imports of U.S. LNG, with Kpler showing no cargoes since February. It's likely that China's imports of U.S. fuels will once again be a major negotiating point in the latest talks. But it's worth noting that the agreement reached by Trump and China during his first term was massively unsuccessful insofar as China came nowhere close to buying the value of U.S. energy commodities it had said it would. The lesson is any future deal that promises a massive increase in China's imports of U.S. energy should be treated with a significant degree of skepticism.

China exempts key feedstock U.S. ethane from import tariffs

(S&P Global; May 12) - China will slash additional tariffs on U.S. energy products by 91 percentage points, effective May 14, following the first round of trade talks with the U.S., according to a joint statement released by the two countries May 12, potentially reviving some trade flows between the world's two top economies. After the reductions, U.S. propane and butane imports will attract 10% additional tariffs for 90 days, while U.S. crude and LNG will incur 20% and 25% tariffs, respectively.

Ethane imports from the U.S. have been exempted from tariffs. The country's private ethane-ethylene plants rely entirely on U.S. ethane as feedstock. Sources said the exemption allows these plants to continue operations. The tariff cuts relieve China's propane dehydrogenation plants, which have struggled with deep losses, according to chemical producers. They added that they will closely monitor the market and price movements to determine if they can break even with the tariff reductions. U.S. propane holds more than 58% of the market share in China's imports of the product.

"It's likely that some plants will postpone their plans of shutting down after the tariff cut," said an analyst. These propane dehydrogenation plants have faced cracking losses since the second half of 2024, and the situation has not improved. The plants convert propane into propylene, a key ingredient for plastics and other products. Data from domestic information provider JLC showed that average operating rates at China's propane dehydrogenation plants plummeted to just 58% during the week of May 1-7, down from around 60% in April and 72% in March.

Russia and China commit to boosting trade along Northern Sea Route

(gCaptain; May 12) - Russia and China are looking to further expand their cooperation in Arctic shipping and energy projects, President Vladimir Putin confirmed during a meeting with Chinese leader Xi Jinping in Moscow. “Significant progress has been made in the development and commercial use of the Northern Sea Route,” Putin stated during a joint press conference. Since the full-scale invasion of Ukraine, Arctic shipping traffic on the Northern Sea Route has been dominated by Russia-China trade. Last year 95% of cargo on the route flowed between the two countries.

“The volume of cargo and passenger traffic between Russia and China is growing year after year, the capacity of border crossings is increasing, some of which have been converted to a 24-hour operation. New logistics hubs are being created,” Putin said. The development of Russia’s Arctic logistic routes has been a personal project of Putin for much of the past two decades. He regularly attends the launch of nuclear icebreakers, opening of polar military facilities and commissioning of oil and gas projects.

“We will continue to keep all aspects of the Russian-Chinese partnership under constant personal control,” Putin said as he confirmed the importance of China as an Arctic partner. Trade between the two countries has doubled since 2020. China now ranks first in trade with Russia, setting a new record of US$245 billion in 2024. Russian crude oil and liquefied natural gas transported via Arctic shipping lanes to China has been a key contributor to expanding trade volumes.

Woodside may sell stake in Louisiana LNG project to Saudi Aramco

(Wall Street Journal; May 13) - Woodside Energy floated the possibility of Saudi Arabian Oil Co., known as Saudi Aramco, buying a stake in its newly approved Louisiana LNG project after signing a collaboration agreement with the giant producer. Woodside said the nonbinding agreement with Aramco, signed in Riyadh at the Saudi-U.S. Investment Forum, paves the way for both companies to explore global opportunities. It said those opportunities include Aramco’s potential acquisition of an equity interest in the Louisiana LNG development and a supply of liquefied natural gas from the $17.5 billion project.

Woodside late last month made the decision to build Louisiana LNG, targeting first production of LNG in 2029. The initial phase involves construction of three units able to produce up to 16.5 million tonnes of LNG annually, although Woodside holds permits to produce as much as 27.6 million tonnes of LNG a year.

The company recently agreed to sell a 40% interest to the U.S.-based Stonepeak investment firm for $5.7 billion. CEO Meg O’Neill said on April 29 that Woodside was involved in intensive discussions with a couple of parties interested in participating in Louisiana LNG, without identifying them.

Saudi Aramco adds more U.S. LNG to its portfolio

(Reuters; May 13) - Saudi Aramco will sign a memoranda of understanding on May 13 with U.S. liquefied natural gas producer NextDecade and U.S. utility firm Sempra, Aramco's CEO said, as the oil giant expands in the LNG market. "The U.S. today, in terms of gas, is almost 100 billion (dollars) in sales ... and it is continuously increasing," Aramco's CEO Amin Nasser told the U.S.-Saudi Investment Forum in Riyadh.

"The U.S. is really a good place to put our investment," he added, noting that under the life of the agreement Sempra and NextDecade would supply about 6.2 million tonnes of LNG to Aramco for its expanding portfolio. The U.S. is the world's largest exporter of LNG, and producers have plans in place that would double capacity in coming years.

NextDecade last month signed a deal with a subsidiary of Aramco, which is seeking to become a big player in the LNG market, under which the U.S. firm will supply the gas for 20 years from its Rio Grande facility under construction Texas. "We do have other investments. So, we're looking at, by 2030, almost seven and a half million tonnes of LNG," Nasser noted, speaking of the company’s procurement expansion plans.

Venture Global profits as second Louisiana LNG plant starts up

(Reuters; May 13) – Venture Global LNG shares jumped nearly 11% on May 13 after the company announced it expects its entire Plaquemines LNG export facility in Louisiana to be operating by year-end. CEO Mike Sabel told analysts on a conference call that he expects Phase 1 of the plant to be operating by the end of May, with the rest up by the end of the year, even as commissioning continues for years. That means the company will be able to sell hundreds of cargoes on the highly profitable spot market into 2027, rather than sell LNG to long-term customers at lower contracted prices.

Liquefaction fees earned by Venture Global for Plaquemines commissioning cargoes are expected to average over $7 per million Btu, compared with $2.25 under the long-term contracts at its Calcasieu Pass (Louisiana) export facility, the company’s first terminal, Sabel said. Plaquemines is planned for 20 million tonnes annual production capacity, with a possible expansion to as much as 27 million tonnes. On the negative side, the company has been grappling with higher project costs, prompting it to raise the Plaquemines project's construction budget forecast in March.

Sabel said in the earnings call that all customers of Venture Global's Calcasieu Pass terminal have received contracted cargoes since the facility started commercial operations in April. That’s after more than three years of commissioning when the company sold its production on the higher-priced spot market that resulted in ongoing arbitration claims by its contract customers which alleged they should have received the gas. The company said it was also well on its way to giving the financial go-ahead to its third LNG export terminal in Louisiana, the CP2 project.

Facing gas shortage, Egypt signs 10-year deal on import terminal

(Bloomberg; May 12) - Egypt has signed a 10-year deal for a floating liquefied natural gas import terminal, signaling the North African nation's long-term dependency on fuel imports. Under an agreement between state-owned Egyptian Natural Gas and Höegh, the Hoegh Gandria will be deployed at the port of Sumed, near Alexandria on the Mediterranean coast, in the fourth quarter of 2026, Höegh Evi said in a statement. The vessel, which has been serving as an LNG carrier, will immediately begin its conversion to a floating storage and regasification unit.

Rising domestic demand, hot summers and rapidly declining domestic production mean Egypt needs to import increasing volumes of LNG. The country has already made plans to add several floating units to import the fuel and is in talks with Qatar over long-term gas supply contracts from the Gulf emirate. The energy deficit in the Middle East's most populous nation more than doubled last year to $11.3 billion, compared with $4.4 billion a year earlier and a surplus of $4.1 billion of in 2022, according to Goldman Sachs.

The Hoegh Gandria will replace the Hoegh Galleon, which now serves as Egypt's only operational LNG import terminal. Höegh Evi, a marine-energy infrastructure company, provided the Galleon to Egypt for 19 to 20 months last year when the nation made a dramatic turn from a net LNG exporter to a net importer.

U.S. investor reportedly looking at pipeline that carries Russian gas

(Oilprice.com; May 9) - Paul Singer's Elliott Management is kicking the tires on a deal that would have been unthinkable just a few years ago: buying a stake in a pipeline that carries Russian natural gas into Europe. The pipeline in question is the Bulgarian extension of TurkStream — Russia's last functioning gas artery to the continent. With the rest of its gas empire sanctioned, sabotaged or politically radioactive, TurkStream is the Kremlin's last straw clutched tightly in the hand of European demand.

Now, Elliott is reportedly sniffing around that straw, according to the Wall Street Journal, possibly as part of a broader play to scoop up infrastructure from Bulgaria's state-owned gas operator Bulgartransgaz, including data centers and cables. The move, still in early talks, comes at a curious time. Washington is posturing hard on energy independence and Russia containment. But Singer — hedge fund tycoon, Republican megadonor and serial corporate agitator — has never been one to follow the script.

Elliott is famous for making governments squirm, and it's currently pressuring BP to lower spending and ditch transition plans and get back to pumping more crude. So if Singer wants to backdoor his way into Europe's energy bloodstream through Bulgaria, well, that tracks. Politically, the investment could offer Bulgaria two things: cash to shore up its creaky power grid, and a diplomatic love note to the Trump camp. The thinking in

Bulgaria is that an American hedge fund stake might protect the asset from future sanctions. That’s optimism, or spin, depending on your mood.

Japanese oil refiner plans to boost investments in low-carbon energy

(Reuters; May 12) - Japan's top oil refiner, Eneos Holdings, plans to increase its investment in low-carbon energy such as liquefied natural gas and sustainable aviation fuel, while slowing efforts in cleaner alternatives like hydrogen, its CEO said on May 12. Under a new three-year business plan through March 2028, Eneos will invest 1.56 trillion yen ($10.7 billion), including 740 billion yen in strategic spending focused on low-carbon and decarbonized energy, such as renewables and carbon capture.

"We plan to reinforce and expand our LNG operations as demand is expected to grow through around 2040," CEO Tomohide Miyata told a news conference. Spending over the period includes 310 billion yen in low-carbon energy, 250 billion yen in decarbonized energy, and 180 billion yen in oil and chemicals, on top of 820 billion yen to maintain its core refinery operations. Eneos may also tap up to 1 trillion yen in management reserves for strategic investments, including in LNG, Miyata added.

Like its global peers, Eneos is shifting its portfolio to align with the energy transition. "But the trend toward a carbon-neutral society is slowing, and the full-scale bifurcation of the energy transition, previously expected around 2030, may be delayed," Miyata said, adding the company is in no rush to supply hydrogen and ammonia. Eneos already holds stakes in LNG projects in Asia, but Miyata said U.S. projects, including Alaska LNG, could be considered if economically viable.

California city will need to live without refinery jobs, property taxes

(KQED radio; San Francisco; May 12) - Mayor Steve Young, of Benicia, California, has been deep in damage control mode since last month, when Texas-based oil giant Valero, the city’s largest employer, announced plans to “idle, restructure or cease” operations at its Benicia refinery within a year. In a recent earnings call, Valero CEO Lane Riggs cited California’s tough “regulatory and enforcement environment” as the main driver behind the company’s intent to close California’s sixth-largest refinery, accounting for about 9% of the state’s total fuels production.

The refinery makes up nearly 20% of Benicia’s tax base, and shutting down the facility, which dominates much of the eastern side of this small, relatively affluent Solano County city, could have a catastrophic impact on the city’s financial well-being. “We’re in a situation where we’re going to have $10 (million) to $12 million less than last year,” said Young, a tall, gray-haired man with a gravelly voice. “The hit on the community is going to be severe. My main job is to ease that transition as much as we can.”

Benicia is known as a “full-service city,” he said, “which means we do every conceivable municipal service there is.” That’s part of what makes this community of well-kept yards and century-old homes feel so safe and pleasant, with its abundance of parks, libraries and subsidized artists’ studios. But a decent portion of those amenities are funded, in part, by the property taxes Valero pays the city — leaving Young with the unenviable task of recommending which services to potentially cut, whether it’s the public pool, the summer concert series or even the dog poop bag dispensers in the parks.

Shutting down the refinery, he added, would also be a major blow to the hundreds of residents who work there, not to mention the restaurants, hotels and businesses in the city’s industrial park that provide services to the facility and its workers, as well as the many local nonprofits that have long depended on Valero’s donations.