Oil and Gas News Briefs
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U.S. could triple LNG export capacity by 2030, but costs are rising

(Reuters; May 16) - Woodside Energy's decision last month to proceed with its Louisiana LNG export facility was the first of more than 90 million tonnes of new U.S. LNG capacity planned for approval this year despite uncertainty over President Donald Trump's trade war, according to company statements and analysts. The U.S., already the world's top LNG exporter at 91 million tonnes annual capacity, could triple that by 2030 thanks to projects awaiting final investment decisions plus the 96 million tonnes of capacity under construction, according to a note to clients from Poten and Partners.

However, the trade war has complicated construction of new export plants, analysts and developers said, especially Trump's 25% tariffs on steel and aluminum which are heavily used at LNG facilities. Some worry this might ultimately raise prices for U.S. LNG exports, making customers look for cheaper alternatives. Still, at least seven proposed U.S. Gulf Coast LNG projects are in various stages of development, with owners saying they intend to make a final investment decision in 2025, according to a Reuters survey of recent earnings reports and analyst calls.

Five of the seven are expansions of existing facilities; the other two are greenfield sites without existing infrastructure like port facilities. But since 2021, almost all U.S. LNG projects under construction have faced price escalation or cost overruns due to supply chain disruptions, labor shortages, high borrowing costs and other factors. Woodside's Louisiana project cost jumped by 31%, Next Decade's Rio Grande increased by 29% and Port Arthur Phase 1 by 18% from the original pre-final investment decisions figures, said Alex Munton, director of global gas and LNG at consulting firm Rapidan Energy.

LNG Canada startup will be welcome news for gas producers

(Energy Intelligence; May 16) - The Shell-led LNG Canada export project is on track to load its first cargo within a few weeks, a long-awaited milestone that will establish the country as a major supplier of gas to global markets. The startup of the 14 million-tonne-per-year plant at Kitimat, British Columbia, coincides with a push in Canada to diversify energy shipments to markets outside the U.S. in the wake of President Trump's trade war. Canada's fossil fuel industry is heavily dependent on the U.S. market, which takes half of the country's gas output and 70% of its oil production.

Prime Minister Mark Carney said Canada had the potential to become an “energy superpower” — with LNG exports a key element of that goal. Two other LNG projects under construction on Canada’s West Coast also target Asian gas demand growth, which is expected to drive global demand in the coming years. "Canada will finally be on the world LNG map like all of the other large gas-producing countries, Calgary-based energy consultant Racim Gribaa told Energy Intelligence in a recent interview.

The new slug of export capacity is welcome news for Western Canadian producers, whose stranded gas generally sells at a steep discount to other North American supply basins. This week, spot prices at Alberta's AECO Hub averaged around $1.50 per million Btu, less than half where the U.S. benchmark Henry Hub has been trading. But RBN Energy analyst Martin King notes that regional prices have been creeping higher this spring in anticipation of LNG Canada's startup taking more gas.

Enbridge sells stake in Canadian gas pipeline to Indigenous group

(The Canadian Press; May 15) - Enbridge has signed a deal to sell a minority stake in its Westcoast natural gas pipeline system to a group of 36 First Nations in British Columbia. Under the agreement, the Stonlasec8 Indigenous Alliance Limited Partnership will invest $715 million for a 12.5% stake in the system. The Westcoast gas pipeline system extends more than 1.800 miles from Fort Nelson in northeast B.C. and from Gordondale near the B.C.-Alberta border, south to the Canada-U.S. border.

Chief David Jimmie, president and chair of Stonlasec8 and chief of Squiala First Nation, called the deal a significant milestone. "Enbridge's Westcoast pipeline system is a legacy asset that has operated within our traditional territories for over 65 years," Jimmie said in statement. "Now our Nations will receive sustained economic benefits from this asset, funding critical investments in housing, infrastructure, environmental stewardship and cultural preservation. People often ask what economic reconciliation for Indigenous Peoples looks like. This is it."

Enbridge CEO Greg Ebel said the agreement is one of several such deals the company has undertaken in the past several years as it explores additional opportunities for Indigenous partnerships. The First Nations partnership has reached an agreement with the Canada Indigenous Loan Guarantee Corp., a subsidiary of Canada Development Investment Corp., to secure a $400 million loan guarantee to enable the deal. The transaction is expected to close by the end of the second quarter of 2025.

U.S. could allow oil and gas projects to fast-track permits for a fee

(Houston Chronicle; May 14) - Oil and gas companies willing to pay millions of dollars in fees would be able to fast-track federal permitting reviews under a measure included in a budget package advanced by U.S. House Republicans. The move on May 13 drew clashes between Republicans and Democrats on the House Energy and Commerce

Committee ahead of the vote, amid criticism the fees amounted to a pay-to-play scheme to let pipeline and liquefied natural gas projects avoid rigorous environmental review.

“We have been talking about permitting reform for years, and this is the first time I’ve heard about paying $10 million to get a permit,” said U.S. Rep. Lizzie Fletcher, D-Houston. Oil and gas lobbyists, along with President Donald Trump, have long complained about the slow pace of federal permitting for large infrastructure projects like pipelines and LNG export terminals, which often involve years of environmental reviews and litigation with activist groups before construction can begin.

Under the budget package, LNG project developers will have the option to pay $1 million in exchange for an immediate determination by the U.S. Department of Energy that their project is “in the public interest” — a requirement under federal law. At the same time, they and pipeline developers can pay $10 million, or 1% of their construction costs, to get their projects approved by federal agencies within one year — allowing them to speed up a process that can often take years.’

Louisiana LNG project developer wants FERC approval next month

(Reuters; May 14) - U.S. liquefied natural gas company Venture Global is seeking approval by June 26 to construct its CP2 export project in Louisiana, according to a letter sent to Federal Energy Regulatory Commission Chairman Mark Christie on May 14. The U.S. is the world's largest exporter of LNG, and the construction of the 28-million-tonne-per-year plant would help it hold its spot as the leading exporter.

Venture Global has said it will give the financial go-ahead to the project by the middle of 2025, but does not have authorization to construct the plant because its original approval was rescinded by FERC pending a supplemental environmental study on the plant's effect on air quality. On May 9, FERC completed its environmental study and found there would be no significant cumulative air quality impacts.

"We have clearly made the decision to invest our own capital and do everything we can do to move the project forward ... but we need the commission to act," Venture Global's CEO Mike Sabel said in the letter to Christie. Venture Global is the second largest U.S. LNG exporter and has been responsible for most of the industry's expansion in the country since 2023, according to LSEG data. If constructed, CP2 will be the largest LNG export facility in the United States. It would be Venture Global’s third plant in Louisiana.

Japan’s buyers want destination flexibility in LNG contracts

(Arabian Gulf Business Insight; May 15) - Liquefied natural gas customers in Japan may be turning away from Qatar for their additional needs in favor of U.S. gas. American suppliers offer more flexible contractual terms and are adding production capacity, a Japanese government energy official said. “Qatar is very strict,” said Yarita Masataka, director of the LNG and methane management division at the Japan Organization for Metals and Energy Security.

Japanese buyers “are very much keen to diversify the source of LNG and — from the U.S. perspective — it is destination-free,” Masataka said, referring to contract provisions that allow buyers to send the LNG wherever they want, including reselling the cargo. By contrast, Qatar tends to include destination restrictions in its LNG contracts that limit a buyer’s ability to resell and reroute cargoes to other jurisdictions. Japan is the world’s second-largest importer of LNG.

Already the world’s biggest producer, U.S. LNG export capacity may more than double by 2030 to account for a third of global supply. Qatar is the world’s third-largest producer after Australia. The price of Qatari LNG is “fine” and the carbon intensity of imports is not “a dealbreaker” for Japanese buyers, said Anne-Sophie Corbeau, a researcher at Columbia University’s Center on Global Energy Policy. “The lack of (destination) flexibility, especially from Qatar, is the main concern of the Japanese players,” she said. Japanese buyers increasingly are looking to resell gas that is surplus to their needs.

Taiwan shuts down last nuclear power plant, but restarts possible

(Bloomberg; May 17) - Taiwan started to shut down its final nuclear reactor on May 17 as a 40-year operating license expired, in a move that could threaten the island’s energy security and climate goals. The load-shedding of the final reactor began at 1 p.m. local time and the system will be disconnected at about 10 p.m., according to a statement from the state-utility Taiwan Power. It added that the last reactor at Maanshan nuclear plant accounted for about 3% of Taiwan’s total power generation.

The closure comes at a time when debate among lawmakers is intensifying over whether to extend the life of nuclear facilities and retain atomic power in the territory’s energy mix. On May 13, legislators revised a bill that effectively opens the door for a restart of shuttered reactors. Energy security is a critical issue for Taiwan, especially as it houses some of the world’s top chipmakers. The amended law allows nuclear plants, which could only operate for 40 years, to extend licenses for up to 20 years at a time.

The revision hints at a reversal that could bring the territory in line with a global resurgence of interest in the low-carbon, round-the-clock supply of nuclear power. Meanwhile, the island will likely need to continue relying on imported liquefied natural gas to meet its energy needs, including for the artificial intelligence and semiconductor sectors, which consume massive amounts of power. To maintain a stable supply, Taipower is adding nearly five gigawatts worth of gas-fired capacity to the grid this year, equal to roughly five nuclear reactors, though the costs are higher than nuclear power.

Taiwan needs more LNG cargoes after nuclear shutdown

(Bloomberg; May 18) - Taiwan is seeking liquefied natural gas shipments following the shutdown of its last nuclear reactor, a move that will increase the island's reliance on the imported fuel. CPC Corp. is looking for three LNG cargoes for August and September delivery, according to traders. The tender comes after the island closed its last nuclear reactor on May 17 due to the expiration of its 40-year operating license.

The state-owned oil and gas company also purchased at least one LNG shipment for June to July delivery this month, according to traders. The 30-day moving average for Taiwan's LNG imports is at a record for this time of the year, when the island typically imports more fuel to meet its energy needs. The closure of Taiwan's second-to-last nuclear reactor last July increased its gas purchases.

The final nuclear shutdown will further expose the island, which is home to some of the world's top chipmakers, to LNG price fluctuations, according to Aniket Autade, a senior analyst from Rystad Energy. "Stable power supply is crucial for industrial hubs and high-end manufacturing facilities, including the semiconductor sector that is strategic to Taiwan's economic and geopolitical interest," he said.

Oil prices much more complex than just supply and demand

(Bloomberg columnist; May 16) - If you wanted to measure the world's economic condition by a single number, you might easily settle on the price for a barrel of oil. Into that number go scores of inputs and considerations, and out come more, ranging from the prospects for peace in the Middle East to the flow of trade across the oceans. Every dollar the oil price moves — up or down — causes the microfibers of the global economy to twitch in ways both predictable and violently unforeseen.

The recent fall in prices due to the decision by OPEC+ to keep expanding production has inspired all kinds of speculation about Saudi Arabia's motives, ranging from a desire to punish Kazakhstan for ignoring production limits, to a throttling back of the kingdom's exorbitant plans to diversify its economy. These speculations set the mood for President Donald Trump's latest visit to the Gulf, where his agenda sprawled from keeping gas prices low for American drivers and investing Saudi Arabia's billions in U.S. businesses. The price of oil has rarely been just a function of supply and demand. This week confirmed how complex and consequential its inputs and ripple effects have become.

Saudi Arabia sits on around 17% of the world's proven crude oil reserves, and produces 11% of the oil consumed globally. Time and again, its leaders, their personalities and their particular interests, have been reflected in the price of oil. What began with gratitude and indifference about the exorbitant gift lying beneath the sand turned to the deployment of oil as a political weapon against Israel, and eventually into a destabilizing overreliance on a single source of wealth, which the current generation is trying to fix.

Low oil prices are driving U.S. into production decline

(Wall Street Journal; May 17) - President Donald Trump, who promised to uplift oil and gas, is set to preside over a decline in shale production. Drillers that made the U.S. the world's top oil producer say they are hitting the brakes to weather a period of low crude prices and that the gusher has likely peaked. Some of the largest producers recently told investors that they would be spending less this year and plan to drop drilling rigs.

The U.S. is on track to see crude oil production modestly increase in 2025 — in part because of growth in fields offshore — before declining next year by 1% to 13.33 million barrels a day, according to S&P Global Commodity Insights. That would mark the first year-on-year decrease in roughly a decade, outside the pandemic. "We believe we are at a tipping point for U.S. oil production at current commodity prices," Travis Stice, chief executive of Permian driller Diamondback, said in a letter to shareholders last week.

Trump had promised that his administration would bring a new dawn for America's frackers by killing regulations and allowing them to build new pipelines. But even before he took office, U.S. oil production was on track to flatten out and fall by the end of the decade. Now, the upheaval in the global economy induced by his tariffs, coupled with the OPEC+ decision to pump more oil, have likely compressed that timeline, oil CEOs say. The disruption has been most notable in the Permian, the biggest U.S. oil field.

Oil prices have fallen to $62.49 a barrel, down about 13% since Trump's early April tariff blitz. That price is equivalent roughly to about $45 in 2015 dollars — below the average price that sent the oil industry into a painful downturn that year.

Canadian producers use expanded pipeline to send more oil to China

(Reuters; May 16) - China has emerged as the top customer for Canadian oil shipped on the expanded Trans Mountain pipeline, ship tracking data showed, as a U.S. trade war has shifted crude flows in the year since the pipeline started operating. China's new interest in Canadian oil comes as U.S. President Donald Trump's trade war has strained relations between longtime allies Washington and Ottawa. It also reflects the impact of U.S. sanctions on crude from countries like Russia and Venezuela.

Canada is the world's fourth-largest oil producer, but its main oil province of Alberta is landlocked with limited access to tidewater ports. That means the bulk of Canadian oil — about 4 million barrels per day, or 90% — is exported to the U.S. by pipelines that run north-south. The C$34 billion (US$24.4 billion) Trans Mountain is Canada's only east-west oil line, carrying oil to the Pacific Coast where it can be loaded onto tankers for export. The expansion, which began operations on May 1, 2024, tripled the pipeline's capacity to 890,000 barrels per day and opened opportunities in Asian markets.

While oil is currently exempt from U.S. tariffs, Canada has sought to diversify its exports due to brief U.S. duties on its crude and Trump's threats to annex the country. Canada shipped about 207,000 barrels per day on average to China since the Trans Mountain expansion ramped up to full operations in June last year, ship tracking data on Kpler showed. That was a huge increase from an average of about 7,000 in the decade to 2023. The U.S. took about 173,000 barrels per day from the pipeline in the same period.

TMX was about 77% full on average in 2024, according to documents it filed with the Canada Energy Regulator. The pipeline is expected to be 84% full this year and ramp up to 92% in 2027. Its operator, Trans Mountain Corp, has said it is looking at expansion projects that could add 200,000 to 300,000 barrels per day of capacity to the system.

IEA forecasts world oil supply will rise faster this year

(Reuters; May 15) - World oil supply will rise more rapidly than previously expected this year as Saudi Arabia and other OPEC+ members unwind output cuts, the International Energy Agency said on May 15, despite a lower forecast from U.S. shale producers. The IEA expects global supply to rise by 1.6 million barrels per day this year, up 380,000 barrels per day from the previous forecast, the agency, which advises industrialized countries, said in a monthly report.

OPEC+ is adding more crude to the market after the group decided to unwind its most recent layer of output cuts in May and June more rapidly than earlier scheduled. The extra supply, along with concern about President Donald Trump's tariffs, helped send oil prices to a four-year low earlier this month. Even though the IEA made a small 20,000-barrel-per-day increase to its forecast for oil demand growth this year to 740,000 barrels per day, the pace of growth will slow in the rest of the year to 650,000, it said.

"Signs of a slowdown in global oil demand growth may already be emerging," the IEA said. Even after its changes, the IEA's projection of the surplus in the global market does not change much, rising to about 730,000 barrels per day based on Reuters calculations in the report, slightly larger than last month's 710,000.

IEA scales back forecast of electric vehicles dampening oil demand

(S&P Global; May 14) - The global oil market could be heading for less of a demand shock from electric vehicles amid new trade uncertainties and stalling European uptake, the International Energy Agency said May 14. Despite record sales in 2024, the Paris-based energy watchdog sees EVs displacing 1 million barrels per day less oil by the turn of the decade than it did in its previous year's forecast, according to its new annual Global Electric Vehicle outlook.

Rising EV adoption has been a key assumption behind IEA projections that oil demand could peak by the end of the decade, and the pace of electrification remains a critical swing factor contested among forecasters. The agency now says some 5 million barrels per day of diesel and gasoline will be eroded by EVs by 2030. In 2024, EVs displaced over 1.3 million barrels per day of fossil fuel demand globally, the IEA reported.

However, new economic headwinds have put growing pressure on the automotive sector and complicated the challenge for policymakers to make EVs attractive, the agency said. "Uncertainties over global economic growth and the evolution of trade and industrial policies could affect the outlook," the report said, responding to brewing recessionary fears and import tariffs that could curb consumer spending. In Europe, rising hybrid vehicle uptake and sluggish EV sales have already extended timelines for an expected gasoline phaseout on the continent.

Abu Dhabi Oil Co. and ExxonMobil agree to boost UAE production

(Bloomberg; May 16) - The United Arab Emirates and ExxonMobil have agreed to expand the nation's oil production capacity. Abu Dhabi National Oil Co. will work with Exxon to boost capacity at the offshore Upper Zakum field, the UAE company said in a statement on May 16. The site, where Japan's Inpex is also a partner, currently can produce more than 1 million barrels a day. ADNOC did not specify the new target.

Increasing capacity is a touchy subject for the UAE and its partners in OPEC+, which puts limits on output. The nation's current cutbacks as part of OPEC+ policy leave some spare production capacity, which cost billions of dollars to add, lying idle. ADNOC's current capacity is 4.85 million barrels a day, according to its website, while its OPEC+ quota would allow it to pump just shy of 3.1 million barrels a day in June. Future additions, which can take years to complete, would widen that gap.

The Gulf energy giant is in the midst of a $150 billion spending plan focused primarily on raising crude production capacity and making the country self-sufficient in natural gas. That blueprint targets 5 million barrels a day; ADNOC could reach that by the end of this year. Officials signed energy and other deals May 16 at an Abu Dhabi meeting that included ADNOC Chief Executive Officer Sultan Al Jaber. Occidental Petroleum

CEO Vicki Hollub also attended. ADNOC and Occidental will jointly explore increasing capacity of the Shah Gas field to 1.85 billion cubic feet per day from 1.45 billion now.

Egypt buys oil for power plants to avoid high-cost natural gas imports

(Bloomberg; May 16) - Egypt is buying large amounts of oil to run its power plants as the high cost of natural gas redraws the Middle East country's purchases of energy feedstocks. State-owned Egyptian General Petroleum recently issued a tender for just under 2 million tons of fuel oil for delivery this month and next. The country prefers the product as a feedstock for power generation over comparatively expensive piped gas and liquefied natural gas, a person with direct knowledge of the matter said.

Egypt's rapidly declining domestic gas production has turned the nation from a net exporter of LNG into a net importer. The country's pivot toward oil is just one example of how markets can respond to shifting prices of energy feedstocks, redefining demand patterns. It also shows a willingness from Cairo to tolerate higher carbon emissions. It is not uncommon for countries in the Mideast to use fuel oil to generate electricity, especially in the summer when there's strong demand from air conditioning units.

Egypt last year turned to buying spot LNG, typically paying a premium to market rates. This year, those prices — at around $12 per million Btu — are even higher, making it even more challenging to purchase spot cargoes. Traders report that Egyptian state energy companies have largely been absent from spot tenders in recent months to buy LNG for this year, having arranged bilateral deals instead. The country is also seeking to buy LNG through longer-term deals, reducing dependency on volatile spot markets.

Traditional Southeast Asia LNG exporters need more gas at home

(Bloomberg; May 15) - Liquefied natural gas traders are looking to sell more of the fuel to traditional exporters in Southeast Asia that are being forced to turn to imports to meet surging energy needs. Countries including Malaysia and Indonesia have plans to increase LNG import capacity, which could "create changes in market dynamics," Takuya Tanabe, head of Asian LNG origination at JERA Global Markets, said at a Bloomberg power and gas seminar on May 15.

Traders are looking to capitalize on the strong domestic growth in the two emerging nations, where dwindling domestic gas reserves have forced governments to rethink gas export strategies. Malaysia, the fifth-biggest LNG exporter last year, has said it may need more terminals and facilities for imports, while No. 6 shipper Indonesia had earlier asked overseas buyers to accept delivery delays to meet domestic demand.

The exporters also face a geographic mismatch between supply and demand, according to Fauziah Marzuki, BloombergNEF's global head of gas research and analysis. "You can't fix the fact that East Malaysia is exporting LNG but West Malaysia needs actually more gas," she said at the summit.

Activists continue pushing insurers to drop LNG projects

(Inside Climate News; May 16) - Global insurance giant Chubb is no longer providing property insurance for a liquefied natural gas export project in southwest Louisiana, according to documents obtained by the Rainforest Action Network and shared with Inside Climate News. The Calcasieu Pass project, owned by Venture Global, has faced heavy opposition from Cameron Parish residents who fear it will add to pollution, health harms and climate damage in a region that is at the center of the nation's LNG buildout.

Grassroots and international groups have been pressuring Chubb and other insurers to drop LNG projects, arguing that they are injurious to environmental and human health. Through a public records request, the Rainforest Action Network obtained a certificate of insurance placing a Chubb subsidiary, ACE American Insurance, on a list of 29 companies that provided property insurance to the project last year. In this year's certificate of insurance, ACE was no longer included.

Venture Global confirmed that Chubb previously insured Calcasieu Pass and is now no longer underwriting the project's property insurance, but said the company declined to renew Chubb's coverage policy for business reasons after it expired in 2024. Venture Global noted that Chubb is still involved in other company projects. In 2023, Chubb added standards for methane emissions for oil and gas clients and further updated its corporate climate underwriting criteria in March. Natural gas is primarily methane, a potent greenhouse gas that can leak from wells and pipelines.