Oil and Gas News Briefs
Compiled by Larry Persily
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U.S. benchmark oil falls to $58.22; worst month since November 2021

(CNBC; April 30) - Oil prices fell on April 30, posting their largest monthly drop in almost three and a half years after Saudi Arabia signaled a move toward producing more crude and expanding its market share, while the global trade war eroded the outlook for fuel demand. Brent crude futures were down $1.13, or 1.76%, to close at $63.12 a barrel. U.S. West Texas Intermediate crude futures dropped $2.21, or 3.66%, to settle at $58.22. Brent and WTI prices in April lost more than 15% and 18%, respectively, for the biggest percentage falls since November 2021.

Both benchmarks slumped after Saudi Arabia signaled it was unwilling to prop up the oil market with further supply cuts and could handle a prolonged period of low prices. “It raises concern that we could be headed toward another production war,” said Phil Flynn, senior analyst with Price Futures. “Are the Saudis trying to send a message that they are going to get back their market share? We’ll have to wait and see.”

Several OPEC+ members will suggest a ramp-up of production increases for a second straight month in June, sources told Reuters last week. The group will meet on May 5 to discuss plans. “The very real possibility that OPEC+ will continue to bring extra barrels to the market as it fights to keep order within its ranks is added to the diplomatic thrusts in Ukraine and Iran, which if successful means more international crude on the water at a time when a trade war will squash any hope of demand growth,” said PVM analysts.

Oil field services firm warns that industry faces ‘global uncertainty’

(S&P Global; April 25) - Rough sailing is anticipated for upstream oil and gas producers during the rest of 2025 as lower global exploration and production spending in an already oversupplied oil market is compounded by higher U.S. import tariffs and sizable releases of OPEC+ crude, the top executive of oil field services purveyor SLB said April 25. In the meantime, continued uncertainty lingers over oil markets from multiple threats, which in turn have caused producers to become conservative on spending and activity, CEO Olivier Le Pench said during his company's first-quarter earnings call.

"The industry is navigating global economic uncertainty," stemming from the oil supply-demand imbalance, OPEC+'s recent statement that it would increase its production beginning in May, and tariff announcements" in early April by President Donald Trump, Le Peuch said. "In this environment, commodity prices are challenged — and until they stabilize, customers are likely to take a more cautious approach to near-term activity and spending," he said.

"At this point, we expect global upstream investment to decline compared to 2024, with customer spending in the Middle East and Asia more resilient than other regions across the rest of the world," Le Peuch said. All that adds up to a probable lower liquids demand than originally expected for 2025, he said. SLB, the former Schlumberger, has had a "soft start" in 2025, with a solid performance in North America whittled down by lower drilling activity in some international markets.

China takes advantage of low oil prices to build up stockpiles

(Financial Times; London; April 27) – China's oil traders are setting aside concerns over the long-term economic damage of a U.S. trade war as they seek to profit from one of the short-term consequences: lower prices. Imports of oil into China surged in March and have continued to accelerate in April, according to analysts, as China replenishes stocks despite expectations that a weaker global economy will reduce demand.

Kpler, a data company that tracks tankers sailing into China, said the country was importing nearly 11 million barrels a day, the highest level in 18 months and up from 8.9 million in January. What started as a buying spree of Iranian oil, on fears of further U.S. sanctions, has developed into a broader stockpiling of crude after President Donald Trump's tariff announcements, coupled with an increase in production by oil cartel OPEC, sent prices sliding to a four-year low.

"China has always been very price-sensitive," said Giovanni Staunovo, an oil market analyst at Swiss bank UBS. "If the price is low, they stockpile it, and then reduce their buying when prices rise. I expect this month's data to be higher than last because of this strategic buying." Kpler's Johannes Rauball noted that Chinese oil stockpiles were low, and said he expected the current level of imports to continue over the next few months as buyers take advantage of low prices to restore their inventories. "You could see a rise in imports even if demand (for oil) does not pick up as strongly," he said.

Scotland's only oil refinery stops processing crude

(BBC News; April 29) - Scotland's only oil refinery has stopped processing crude oil at Grangemouth after a century of operations, its owner Petroineos has confirmed. In September, the company announced refining activities would cease in 2025 as it transitions to becoming an import terminal for finished fuels. The site on the south bank of the Firth of Forth is home to the U.K.'s oldest oil refinery, dating back to 1924.

It is being closed down by Petroineos, with the loss of 430 jobs. Petroineos has been operating as an import terminal for several months in parallel with refinery cessation activities. "From today, we will be importing all the products necessary to meet Scotland's demand for transport fuels," said Iain Hardie, regional head of legal and external affairs for the company. About 70 refinery staff will remain for the new business.

Petroineos has said the refinery loses money and has rejected claims from unions that the site could easily transition into a hub for producing sustainable aviation fuel. The refinery was opened by BP in 1924 and expanded into petrochemicals in the 1950s. When the closure was announced, it accounted for about 14% of the U.K.'s overall refining capacity and supplied almost two-thirds (65%) of demand for refined oil products in Scotland. The refinery itself is owned by Petroineos — a joint venture between global chemical manufacturer Ineos and PetroChina.

Zombie tankers operating under false names carry sanctioned oil

(Bloomberg; April 29) - On Good Friday, an aging supertanker fully laden with oil and calling itself Varada arrived in the waters to the east of Malaysia after a two-month voyage from Venezuela. The vessel raised some red flags: it was 32 years old, past the age at which it would normally have been scrapped, and it was sailing under the flag of Comoros, a popular flag of convenience that makes ships harder to monitor. It seemed like any other so-called dark fleet tanker that carries barrels of sometimes sanctioned oil from producers like Russia, Iran and Venezuela. Except it wasn't.

The real Varada, which wasn't sanctioned, had actually been demolished in Bangladesh in 2017. This vessel was what's known as a zombie or phantom ship, which take on the identities of scrapped tankers to appear legitimate and avoid scrutiny from authorities in the U.S. and elsewhere. At least four zombie vessels have emerged in recent weeks in the sensitive Venezuelan oil trade, which has become even more risky since the Trump administration imposed tariffs on countries importing oil from the South American nation.

Bloomberg News has used ship-tracking data provided by Starboard Maritime Intelligence and analyzed satellite imagery of the waters off oil export terminals in Venezuela to identify the four vessels. The images were compared against historical photos of the four ships. In each case there were major discrepancies between the zombie ships and their scrapped namesakes, including deck shapes and layouts. The four demolished vessels hadn't been sanctioned by any government. The use of zombie tankers allows dark fleet operators to circumvent restrictions on moving oil.

Canadian producers shift drilling efforts to gas and gas liquids

(Bloomberg; April 28) - Drillers in Canada's energy heartland of Alberta are shifting their focus to natural gas as the global trade war and an OPEC+ plan to increase oil output hammer crude prices. The number of licenses for new gas wells issued in the first quarter rose 26% from the previous quarter to 308, the highest quarterly total in two years, Alberta Energy Regulator data show. For oil wells, the number fell 24% to 293, the lowest since 2021. Licenses for bitumen (oil sands) wells fell by six to 37.

Canada is the world's fourth-largest oil producer and fifth-largest gas producer. Nearly all its oil and much of its gas is exported to the U.S. In contrast to falling oil prices, gas in Canada has risen to around C$2 per gigajoule from about C$1.50 as the country's first liquefied natural gas export plant prepares to start operation later this year on the West Coast. Producers in the Montney formation, which straddles the border of Alberta and British Columbia, are shifting toward more gas-rich areas and away from pure oil-producing regions, said Trevor Rix, Canadian oil and gas research leader for Enverus.

The drillers aren't just seeking natural gas, but rather the associated liquids such as condensate, which is blended with oil sands bitumen to allow it to flow through pipelines and commands stronger pricing than Canadian crude, Rix said. Oil sands production is growing after the start last year of the expanded Trans Mountain pipeline to a West Coast export terminal. "We think condensate is a good place to be in the next few years as oil sands diluent demand ramps up," Rix said.

Australian company takes FID to build $17.5 billion Louisiana LNG

(Wall Street Journal; April 28) - Woodside Energy has taken a final investment decision on the $17.5 billion development of its Louisiana LNG project, betting on strong ongoing demand for the fuel and the U.S. as a key supplier of natural gas to the global market. Woodside, which acquired the project through the $900 million takeover of Tellurian last year, said it expects to start production of liquefied natural gas in 2029. Australia-based Woodside plans to develop Louisiana LNG in stages.

The first phase involves construction of three liquefaction units able to produce up to 16.5 million tonnes of LNG a year, although Woodside holds permits to produce up to 27.6 million tonnes per year. Woodside's decision to proceed with developing Louisiana LNG comes despite uncertainty created in U.S. energy policy under President Trump. Earlier this month, Woodside said it is assessing the impact of recent U.S. tariff actions and the potential for more policy shifts that could affect the project.

Louisiana LNG is a foreign-trade zone, which enables the project to defer paying tariffs until completing each gas processing unit. Still, about 25% of construction costs are equipment and materials. Woodside expects about half of those materials to come from outside the U.S. To reduce the burden on its balance sheet, Woodside has agreed to sell a 40% interest in the development to investment firm Stonepeak for $5.7 billion.

Woodside said the Stonepeak contribution would come early, supporting 75% of capital spending in 2025 and 2026. It continues to discuss the sale of more equity in the project that would reduce its capital commitments still further. Without new deals, Woodside would need to invest some $11.8 billion. Bloomberg has reported that Woodside is in talks for the overseas unit of Kuwait Petroleum Corp. to buy a stake in the project.

U.S. LNG industry warns against requiring U.S.-built tankers

(Financial Times; London; April 27) - The liquefied natural gas industry has warned the Trump administration it cannot comply with new rules aimed at forcing them to use U.S. tankers by imposing levies on Chinese-built ships docking at U.S. ports. It warns the rules published by the U.S. Trade Representative (USTR) on April 17 could damage a $34 billion-a-year export industry that is central to the president's "energy dominance" agenda, says letters sent by the American Petroleum Institute to the administration.

The new rules are part of U.S. efforts to increase the pressure on China over what Washington argues are unfair trade practices, while boosting the domestic manufacture of ships. However, they have caused alarm among U.S. exporters that worry they will dramatically increase the cost of contracting vessels. The LNG industry is heavily reliant on Chinese and foreign-built vessels.

The USTR is allowing LNG producers to gradually phase-in the use of U.S.-built and flagged vessels over a 22-year period. U.S. authorities, however, could order the suspension of LNG export licenses if the terms of the new rules are not met. The API warns in letters to the U.S. secretaries of energy and the interior that it is impossible for LNG producers to comply with the rules. There are currently no U.S.-built ships capable of carrying LNG and no surplus capacity at U.S. shipyards to build LNG carriers by the first deadline of 2029, according to people briefed on the contents of the letters.

U.S. will rewrite safety rules for LNG export terminals

(Energy Wire; April 30) - The Trump administration said April 29 it is renewing efforts to replace 45-year-old safety rules for the coastal terminals that chill natural gas into a cryogenic liquid and load it onto ships for export. The rewrite will be focused on deregulation and examine "cost savings for the industry," according to a draft notice and a news release from the Department of Transportation and its Pipeline and Hazardous Materials Safety Administration.

The LNG announcement comes as the Trump administration seeks to accelerate what is already a dramatic surge in exports of liquefied natural gas from U.S. terminals along the Gulf Coast. That surge is being met with growing opposition to exports from environmental groups. The rulemaking process could spur a heated debate about safety, U.S. energy security, energy costs and the role of gas in fueling the world.

The country's main pipeline safety advocacy group criticized focus on deregulation said the Trump administration approach leaves numerous gaps in safety, while the U.S. LNG industry did not voice objections about the renewed regulatory effort. Its main trade group, the Center for LNG, has long said the rules are outdated, and Executive Director Charlie Riedl cheered the announcement.

Louisiana succeeds by appealing to all politics and policies

(Reuters columnist; April 28) - Louisiana has long been overshadowed by its more showy neighbor Texas which boasts a larger economy and population and has for decades wielded greater sway among policymakers in Washington, D.C., and on the world stage. But the Bayou State is staging a revival that could see it emerge as the more dynamic and influential Gulf Coast hub over the coming decades, thanks to a development blueprint that could be described as being all things to all people.

As the main exit point for U.S. LNG exports, Louisiana is a key cheerleader of the "drill baby drill" vibe stemming from the new administration of President Donald Trump and is home to some of the country's most important natural gas basins. The state is also planning for a brand new multibillion-dollar steel plant that was celebrated at a White House ceremony earlier this year heralding a return of manufacturing to the U.S.

Louisiana's smokestack industries — which include century-old refining and chemicals sectors — are at the cutting edge of an ongoing carbon-capture drive that has made the state a major player in the clean-energy field. Throw in a leading hydrogen industry, a battery production sector and a growing data center presence, and Louisiana could offer something for whichever party is in power in Washington.

A key driver of Louisiana's progress is a willingness to repurpose the old and bolt on the new. Projects that were touted as drivers of the energy transition under the Biden administration are now marketed as boosting energy security and job creation, which is much more palatable to the Trump administration.

Malaysia's Petronas in talks to buy LNG from Louisiana project

(Reuters; April 29) - Malaysian state-owned oil and gas firm Petroliam Nasional, or Petronas, is in talks with Commonwealth LNG to buy liquefied natural gas from the U.S.

company's facility in Cameron, Louisiana, according to four trading and industry sources with knowledge of the matter. Petronas is in talks to buy at least 1 million tonnes per year of LNG from Commonwealth, said two of the four sources, who declined to be identified as they were not authorized to speak to the media.

Several Asian countries plan to increase their contractual purchases of U.S. LNG to reduce the trade imbalance with the United States and escape high reciprocal tariffs. Petronas has previously mentioned its key focus area of expanding its global LNG portfolio to meet growing demand, and that its supply from some U.S. contracts could be sold in the spot market to Europe or Asia.

Commonwealth is planned for 9.5 million tonnes annual production capacity. It received its export license from the U.S. Department of Energy in February, having waited almost two years under the Biden administration. Commonwealth said it has seen an increase in interest from prospective buyers since securing an export license. The project now has almost 8 million tonnes of its supply either under contract or under consideration.

Committing to buy more LNG could deter Asia’s clean-energy plans

(South China Morning Post; April 29) - Asia’s clean-energy ambitions are expected to face risks as nations look to sign gas supply deals with the U.S. to readjust trade balances amid the specter of American tariffs. Japan and South Korea are considering investing in a long-delayed US$44 billion liquefied natural gas export project in Alaska backed by President Donald Trump, while Bangladesh, India, Vietnam and the Philippines are likely to strike U.S. LNG deals, according to observers.

Asia is the most exposed region globally to the risk of fossil fuel dependency that strains budgets and adds carbon emissions, according to a report by energy think tank Ember. About a quarter of the world’s countries spent more than 5% of their gross domestic product on fossil fuel imports in 2022. Improving technology such as electric vehicles, heat pumps and renewables could cut fuel imports to Asia by up to 70%, the report said.

“Signing long-term commitments to buy U.S. LNG would be a costly mistake. U.S. LNG prices are already uncompetitive with other sources of energy and are growing more expensive by the day,” said Sam Reynolds, research lead at the Institute for Energy Economics and Financial Analysis. Fixed liquefaction fees for new U.S. export projects are rising due to import tariffs on steel and aluminum, according to Reynolds. Prices at Henry Hub, a benchmark for the global LNG market, are also expected to rise.

Tanzania wants companies to reach deal this year on LNG project

(Bloomberg; April 30) - Tanzania's Deputy Prime Minister Doto Biteko said the government wants to agree on terms for a long-delayed $42 billion liquefied natural gas export facility with international oil companies by October. Negotiators for a consortium comprised of Shell, Equinor and ExxonMobil and the government are haggling over "a few outstanding issues," such as the authority's demand that at least 3% of the gas from the project be reserved for domestic use, Biteko told lawmakers on April 29.

The government also wants the consortium to commit to using local content and insurance companies registered in Tanzania for the project, he said. "If we conclude three outstanding issues, this agreement will be signed in 2025," said Biteko, who is also Tanzania's energy minister. "President Samia Suluhu Hassan would like to see this project concluded before" presidential elections in October, he added.

There have been major gas discoveries in Tanzania and Mozambique over the past two decades but development has been delayed for years. Plans to connect gas discoveries offshore Tanzania to feed an LNG terminal on the East African nation's coast have been in the works for more than a decade. The development appeared to gain momentum in 2023 when Hassan expressed her support and negotiations were concluded over the host-government agreement — which outlines commercial legal and fiscal terms — and an amended production-sharing deal with the project consortium but have since slowed.

Power demand from data centers could drive up U.S. gas prices

(Reuters columnist; April 28) - The race for artificial intelligence supremacy could have an unlikely loser: U.S. liquefied natural gas exporters. While America boasts some of the world's largest gas reserves, a sharp increase in electricity demand over the coming years, driven by the rise of artificial intelligence, could heavily strain the country's creaky power systems and infrastructure, pushing natural gas prices higher and potentially undermining the economics of LNG plants.

The world's top technology companies including Meta, Google, Amazon and Microsoft are pouring tens of billions of dollars into data centers to train and deploy AI models which consume massive amounts of energy. Data centers' share in the U.S. power market is set to grow from 6% today to 13% by 2030, accounting for nearly half of electricity demand growth in that period, according to the International Energy Agency. Natural gas is expected to supply more than half of that incremental demand.

Even though tech firms are investing in low-carbon electricity generation to help power their new data centers, such as renewables and nuclear, they also are banking on gas to play a key role with stable power. Gas is already the largest source of electricity for data centers, meeting 40% of the needs. But U.S. gas output is forecast to peak in the early 2030s, according to federal forecasts. The meteoric growth in U.S. LNG exports that has benefited from cheap domestic prices may struggle to keep up in the face of the growing demand for gas from data centers and industrial and residential users.

Exports from Russia's Yamal LNG plant grew last year

(High North News; April 29) - The liquefied natural gas business in Russia keeps on booming, especially in the Arctic. New data show that the country's largest active liquefied natural gas plant, Yamal LNG, dispatched 287 vessels loaded with the supercooled gas during 2024. More than 200 voyages passed along Norway's coastal waters in the Barents and Norwegian seas. Exports from Novatek's Yamal plant reached 21.2 million tonnes last year. This represents 2.5% more than during the previous record year of 2022 and 5% more than last year.

For around half the year, the facility can only be reached by highly specialized Arc7 ice-class LNG carriers. But figures show that increasingly during the summer and fall months vessels of lower ice classification or even conventional gas carriers can travel to the facility. Out of the 287 voyages, 19 were conducted by medium Arc4 ice-class ships and 17 LNG vessels had no ice-strengthening at all.

Europe has remained a key market for Russian LNG from Yamal, despite ongoing policy discussions to phase out the fuel. Close to 80% of cargoes, 227 out of 287, were bound for Europe. France (88 deliveries), Belgium (62) and Spain (54) were the largest buyers of Russian LNG, though some shipments only passed through terminals in the countries before being re-exported. This practice has now been disallowed under the European Union's transshipment ban taking effect on March 27. Production from Russia's second gas project in the far north, Arctic LNG 2, has been hampered by Western sanctions.

Japanese regulators endorse restart of another nuclear reactor

(The Mainichi; Japan; April 30) - The Nuclear Regulation Authority effectively endorsed on April 30 the restart of a reactor at the sole nuclear power plant on Japan's northern main island of Hokkaido, approving a draft report that concluded the reactor had cleared its safety review. With semiconductor and data center businesses projected to boost the prefecture's demand for electricity, Hokkaido Electric Power plans to restart the Tomari plant's No. 3 unit, Japan's newest reactor, after completing construction of a seawall by around March 2027, among other mandatory safety measures.

After the company applied for the review in 2013, the authority checked whether the utility's plan satisfies its new safety standards, enforced following the 2011 nuclear accident in Fukushima triggered by a massive earthquake and tsunami. The focus of the review included whether geologic faults in the area of the Tomari plant were active. The nuclear watchdog is still reviewing the safety of the No. 1 and No. 2 reactors.

Hokkaido Electric has upgraded its quake-resistant design for the facilities to cope with more intense acceleration of seismic waves and raised the height of potential tsunamis it can withstand. The utility built a 54-foot-high seawall in 2014, but it will raise it to 62 feet based on the regulatory body's advice. The cost of construction related to safety measures for the No. 3 reactor, which started operation in 2009, has ballooned to about 515 billion yen ($3.6 billion) from over 90 billion yen originally to build all three reactors. The Tomari station began with the No. 1 reactor in 1989 and the No. 2 unit in 1991.

Japanese utility will build new gas power plant to replace coal and oil

(Reuters; April 28) - Hokuriku Electric Power said on April 28 that it will build a new 600-megawatt LNG-fired power generation unit at its Toyama Shinko power station in northern Japan, with operations slated to begin in the 2033-2034 fiscal year. The new unit will replace two aging thermal power units: a 250-MW coal-fired unit and an idled 240-MW oil-fired unit. The company expects the replacement to reduce its annual carbon dioxide emissions. Hokuriku Electric plans to conduct an environmental assessment and start construction in the 2029-2030 fiscal year.