Oil and Gas News Briefs
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OPEC+ sees low oil prices as tool to take back market share from U.S.

(Reuters; May 21) - Behind OPEC+'s plan to ramp up oil output and punish over-producing allies, group leaders Saudi Arabia and Russia are pushing a second objective: taking on U.S. shale production to win back market share from the United States. OPEC's last price war on U.S. producers 10 years ago ended in failure, as breakthroughs in technology and drilling allowed U.S. shale companies to cut costs, compete at lower prices and take market share from the 12-member group.

U.S. output is, however, more vulnerable now to a price war. U.S. shale producers have seen their costs rise in the past three years. Their income is also falling due to lower oil prices — linked in part due to the economic fallout from President Donald Trump's tariff policies. Reuters spoke to 10 OPEC+ delegates and industry sources briefed by Saudi Arabia or Russia on production strategy. Retaking market share is one motivation for a May 3 decision by OPEC+ to bring back output more rapidly than planned, according to four of the 10 sources, though none said the strategy constituted a price war yet.

To hurt shale producers, OPEC+ would need to push prices below their current levels of around $65 per barrel to less than $55 to $60, said the sources. "The idea is to put a lot of uncertainty into plans by others with prices at below $60 per barrel," said one source briefed on Saudi Arabia's thinking. The U.S. has raised its oil output by over 60% in the past 10 years, while OPEC production has fallen slightly over the same period. OPEC+ output hikes come as the best quality shale areas in the biggest U.S. field, the Permian, have been depleted. As drillers move to secondary areas, production costs are rising.

Shale producers now need a price of $65 per barrel on average to profitably drill, according to a first-quarter Dallas Federal Reserve survey of over 100 oil and gas companies in the Texas, New Mexico and Louisiana region. In contrast, analysts estimate Saudi production costs at $3 to $5 per barrel and Russia's at $10 to $20. "It is time to return lost market share," one of the OPEC+ sources told Reuters. Saudi Arabia says its low costs mean it will be the last producer standing in any competition.

Conoco CEO says U.S. shale oil output will decline if prices go lower

(Reuters; May 20) - U.S. shale oil output will flatten out if prices remain where they are now and will start to decline with prices in the $50s per barrel, the CEO of ConocoPhillips said on May 20 in the latest prediction that oil's slump could curb U.S. supply. The comments from Conoco CEO Ryan Lance come as forecasters including

OPEC and the International Energy Agency have trimmed their expectations for shale output after prices sank to the lowest since 2021 this year at near $55 for U.S. crude.

"The breakeven probably hasn't moved a lot," Lance said at the Qatar Economic Forum in Doha. "I think long-term, if you're going to see oil prices in a comfortable range — maybe in the $70s, or $65-$75, we'll still see continued modest growth out of the U.S. … But we see plateauing production, probably the end of this decade, coming out of the U.S., unless there's going to be another technological breakthrough in our business."

With oil prices in the $70s per barrel range, U.S. oil output could grow to more than 14 million barrels per day from between 13.3 million and 13.4 million now, Lance said. If oil fell below $60, there would be a decline in investment and global power requirements would not be met, Qatari Energy Minister Saad al-Kaabi said, speaking alongside Lance at the same event. Global crude benchmark Brent was trading below $66 and U.S. crude near $63 on May 20.

Oil majors say they are prepared for period of low prices

(Financial Times; London; May 18) - The world's largest oil companies are braced for a prolonged downturn in crude prices — the third in just over a decade — as they seek to reassure investors that they are prepared for the worst. Executives at ExxonMobil, Chevron, Shell, TotalEnergies and BP have used their quarterly earnings updates to reassure investors that their balance sheets remain strong, and that they will not be rushed into unnecessary reductions in spending and shareholder returns.

"We are seeing significant downward pressure on prices and margins," ExxonMobil CEO Darren Woods told analysts this month, adding that the company had prepared for a downturn by cutting close to $13 billion in costs over five years. "Our organization has planned for this. We pressure-test our plans and the financial outcomes with scenarios that are more severe than our Covid experience," he said, referring to the 2020 slump.

Oil prices dropped below $60 a barrel in April and are forecast to average about $65 for the remainder of the year, as the OPEC+ cartel that includes Saudi Arabia and Russia continues to increase supply. Chevron, which is shrinking its workforce by a fifth, reassured investors that it would produce $9 billion of free cash flow with oil at $60 a barrel. Shell said it would be able to pay its dividend even if oil dropped to $40, and that its share buybacks would continue at roughly half the current rate at $50 a barrel.

Shell added that it had not, so far, changed its spending plans. "We're not asking our businesses to stop on projects," said Sinead Gorman, chief financial officer, on the company's earning call. Patrick Pouyanne, CEO of TotalEnergies, said the reaction this time was the same as during the coronavirus crisis — "no panic" — and noted how his company had declined to cut its dividend even during the worst of the pandemic.

Planned Canadian LNG project faces escalating pipeline costs

(Globe and Mail; Canada; May 19) - TotalEnergies of France has signed a deal to buy liquefied natural gas from the planned Ksi Lisims LNG facility in British Columbia, but the Nisga'a Nation-backed project must first await the fate of the associated pipeline whose estimated costs have soared by billions. Ksi Lisims said on May 19 that TotalEnergies has agreed to a 20-year pact to purchase 2 million tonnes a year of LNG, one-sixth of the planned production, pending a final investment decision on the project.

It marks the second LNG purchase agreement for Ksi Lisims, after one announced last year with a unit of Shell, also for 2 million tonnes a year. TotalEnergies also said it has acquired a 5% stake in Houston-based Western LNG, which co-owns the pipeline project and is a partner in Ksi Lisims. The French company has the option to buy a direct 10% stake in the LNG export facility.

The transactions were announced as the B.C. government reviews an environmental regulator's draft report on the Prince Rupert Gas Transmission (PRGT) proposal. The BC Environmental Assessment Office's 24-page draft report said PRGT anticipates the capital costs of the 465-mile gas pipeline could range from C$10 billion to C$12 billion — up sharply from estimates of C$5 billion in 2014. PRGT would feed gas to the C$10 billion Ksi Lisims facility, which is undergoing its own environmental review.

The Nisga'a and Western co-own PRGT. Western's backers include an affiliate of Blackstone, the New York-based investment management company. The Nisgaa, Western and a group of gas producers named Rockies LNG are partners in Ksi Lisims. The pipeline would stretch from northeast B.C. to Pearse Island in northwest British Columbia, just across the border from Alaska. Floating production facilities, to be built in South Korea, are scheduled to be positioned at Pearse Island in 2029.

U.S. Energy Department says LNG environmental impacts not its job

(The Hill; Washington, DC; May 19) - The U.S. Energy Department said on May 19 that the environmental impacts of natural gas export terminals fall outside of its authority — signaling that the Trump administration may not give significant consideration to these impacts as it evaluates gas export projects going forward. The statement comes in response to a 2024 draft study published at the very end of the Biden administration detailing the environmental, economic and other impacts of gas exports.

The Biden administration's study comes after it paused approvals on new gas export projects, saying it needed to reevaluate the broad implications of shipping more U.S. gas abroad. The administration included a 60-day comment period along with the draft study. On May 19, the Trump administration published a response to those comments — giving some clues as to how it would assess gas export projects going forward.

The Trump commentary did not deny the environmental impacts found by its predecessor, including impacts to air pollution in nearby communities. But unlike the Biden administration, it said that these impacts are outside of the Department of Energy's jurisdiction and therefore should not be considered in its approvals of gas export projects. It also said that "the denial of LNG export authorizations would be too blunt an instrument to address the concerns raised."

LNG producers bet China's faltering demand will return to growth

(S&P Global; May 21) - Global gas giants are betting the current lull in Chinese demand is temporary, and that the country will underpin their multibillion-dollar investments for years to come. China's gas imports have fallen in 2025, a decline centered on cargoes of liquefied natural gas that slumped 22% through April from the previous year. Demand for LNG is headed for its first annual drop since the height of the pandemic, just as new export projects are slated to come online, led by the shale gas fields of the U.S.

The problem is that LNG is being crowded out by cheaper alternatives such as coal and renewables, and gas produced domestically or piped overland from Russia and Central Asia. Slower economic growth and pressure to cut energy costs have also sapped China's appetite for the LNG, which is generally a pricier option because of processing and shipping costs from plants as far afield as North America and the Middle East. But China's willingness to diversify its supply could also strengthen LNG market prospects.

China has been the driving force in the market for much of the past decade, accounting for more than a third of the total increase in LNG consumption. That lifted the country from a minor player to the world's top importer in 2021. Since then, Chinese growth has faltered. The pandemic and the economy's lackluster recovery; the country's breakneck adoption of clean energy and record coal output; and the success of its state-owned companies in raising domestic gas production, have all crimped overseas demand.

But there's an expectation that expanded LNG supply and cheaper prices will rekindle demand, Samantha Dart, co-head of global commodities research at Goldman Sachs, told Bloomberg Television on May 21.

Japanese companies resell a growing volume of Australian LNG

(Australian Financial Review; May 20) - Japan is reselling to other Asian countries more liquefied natural gas than previously known, new data reveals, sharpening scrutiny over the scale of profits made from reselling Australian LNG as that nation's consumers face higher power prices. In 2024, Japanese companies sold as much as 15 million tonnes of LNG sourced from Australia — up to 1.6 times the annual gas needs of eastern Australia, according to the Institute for Energy Economics and Financial Analysis.

This marks the fourth consecutive year Japan has sold more gas than it imports from Australia, with the latest analysis offering the clearest picture yet of the large scale and origin of those volumes. Australia supplied 41% of all Japanese-chartered LNG cargoes resold to third countries last year, making it the single largest contributor to Japan's LNG resale trade. The latest data has added fuel to debate about how Australian gas reserves are used, and whether they should be diverted to the domestic market.

"Australia is now confirmed as the biggest source of LNG being resold by Japan," Amandine Denis-Ryan, chief executive officer of IEEFA, said. "It suggests Japan's commercial interest in Australian gas goes far beyond energy security." The new data shows many of the LNG cargos were purchased under long-term agreements and then diverted to markets such as Taiwan and South Korea at a profit.

Japan is leveraging its long-term Australian LNG contracts to advance a broader geopolitical strategy in Southeast Asia, using surplus gas to boost its economic and diplomatic credentials. While Japan's demand for LNG has fallen with a resurgence in nuclear power and renewables, buyers such as JERA, Tokyo Gas and Mitsubishi are selling Australian gas to countries like Vietnam, the Philippines and India.

Qatar plans to significantly boost its LNG trading business

(Bloomberg; May 20) - Qatar plans to significantly boost its liquefied natural gas trading business to complement its expanding domestic production of the fuel. QatarEnergy set up a trading unit a few years ago, which is already handling 10 million tonnes of physical LNG annually, more than 50% of which is non-Qatari volumes, Energy Minister Saad Sherida Al-Kaabi said at the Qatar Economic Forum on May 20.

"The ambition is by 2030 to reach somewhere in the range 30 million to 40 million tonnes of non-Qatari LNG traded by our trading group," Al-Kaabi, who is also chief executive officer at QatarEnergy, said. The world's second-biggest LNG producer typically sells its own output through long-term contracts. Some spot cargoes from Qatar are sold via QatarEnergy's trading business, which also buys and sells third-party volumes. As global demand for LNG grows, flexible and short-term volumes allow sellers and buyers to quickly react to market volatility.

"What we saw is that there was money left on the table," Al-Kaabi said. Traders from around the world "would buy our cargoes and make money off it, and we have the capability and can actually establish a trading organization and we did." Qatar is expanding its own production from 77 million tonnes now to 160 million tonnes of LNG, both domestically as well as at its Golden Pass project in Texas. The company has 70 LNG carriers today and is adding 128 more.

TotalEnergies could resume Mozambique LNG work mid-summer

(Reuters; May 20) - TotalEnergies will seek Mozambique's approval to lift a force majeure declaration on its $20 billion liquefied natural gas project there and resume construction by mid-summer, Chief Executive Patrick Pouyanne said on May 20. Covered by force majeure since 2021, following insurgent attacks, the project includes development of the Golfinho and Atum gas fields in the Offshore Area 1 concession and construction of an onshore two-train liquefaction plant.

"The security situation has improved," Pouyanne said on the sidelines of the World Gas conference. "It will be up to the government of Mozambique to approve lifting of this force majeure." The plant will have a capacity of 13.12 million tonnes per year. Total is the operator with a stake of 26.5%, followed by Mitsui with 20%, while Mozambique's state-owned ENH has 15%. Indian state firms and Thailand's PTTEP own the rest.

Russia’s Arctic LNG 2 plant starts production from second unit

(Bloomberg; May 19) - Russia’s newest liquefied natural gas plant in the Arctic has begun using a second production line, even as the facility remains under stifling Western restrictions. Arctic LNG 2, a flagship project for the Kremlin, shut in large-scale production at its first liquefaction unit in October as sanctions discouraged overseas demand and ice buildup made it difficult for ships to arrive. While the plant managed to dispatch several shipments last summer, none of the cargoes found buyers.

Despite limitations on equipment and technical expertise, the facility has continued to expand, and the plant has now produced the first LNG from its second liquefaction train, people familiar with the project said. The U.S. imposed sanctions on Russia’s energy sector in the aftermath of Moscow’s invasion of Ukraine, dealing a blow to President Vladimir Putin’s ambition to boost his country’s market share in producing LNG. The second production line has an annual capacity of 6.6 million tonnes, the same as the first line. A third line is planned, but is challenged in obtaining the equipment it needs.

China looks to take on role as swing trader in global LNG market

(Bloomberg; May 21) - Chinese gas firms are taking advantage of diverse supply sources and a flexible power generation system to lean into the role of trading global swing supplies. PetroChina, the country’s top gas supplier, is looking for upstream stakes in liquefied natural gas export projects or flexible purchase agreements to help turn from a buyer in overseas markets into a bigger trader, said Wang Haiyan, deputy general manager at the firm’s trading arm.

The company is looking to build its LNG supply portfolio to 35 million tonnes per year by 2030, a jump of 75% from now, he said during a panel discussion at the World Gas Conference in Beijing on May 20. For China, it's a kind of role reversal. Asia used to be the main source of global LNG demand and price-setting, while European nations acted as a sink, sopping up shipments in the event of a supply glut. That changed after Russian pipeline gas flows to Europe were drastically cut after its invasion of Ukraine.

"The balancing role that used to be played by the European market has become China's role," said Zhu Yanyan, general manager for the trading and commodities center at a unit of CNOOC, the country's largest LNG importer. "The reason is quite simple — because China is well supplied with multiple resources." For example, Zhu said, China reduced LNG imports by about 20% in the first quarter as it redirected cargoes to Europe, where gas prices were soaring. China made up about 75% of that gap with increased domestic gas production and added imports of pipeline gas, Zhu said.

U.S.-Iran deal could drive up costs for China's independent refineries

(Reuters; May 19) - The possible lifting of U.S. sanctions on Iran's oil exports could deal a fatal blow to independent Chinese refiners that have thrived by taking the discounted crude, while also putting further downward pressure on oil prices. President Donald Trump has taken a dual track with Iran, applying a "maximum pressure" campaign of tightening economic sanctions, while simultaneously engaging in direct high-level talks over Tehran's nuclear program. He has indicated the sides were getting close to a deal.

If there is a breakthrough deal, it would almost certainly include a repeal of many U.S. economic restrictions on Iran's oil industry, which would have a profound impact on global energy markets. Iranian exports reached 2.8 million barrels per day in May 2018 and hit a low of just 150,000 per day in May 2020 before steadily recovering to an average of around 1.65 million per day so far in 2025, according to analytics firm Kpler.

China's privately owned refineries, commonly known as teapots, have been the main buyers of Iranian crude in recent years, attracted by the heavy discounts. Concentrated in the eastern Shandong province, these small independent refineries have capacity of around 4 million barrels per day, or roughly one-fifth of China's total refining capacity. Not only would the rapid return of Iranian crude to global markets likely put further downward pressure on oil prices that have fallen from a high of $82 a barrel in January to around $65 today, but it would also deal a heavy blow to China's teapot refineries.

U.S. power generation companies are attractive merger targets

(Bloomberg; May 19) - If there was any lingering doubt about whether gas-fired generation plants are the hottest targets in the U.S. power system, the recent flurry of deals likely extinguished it. NRG Energy grabbed attention May 12 by agreeing to pay $12 billion, including debt, for 13 gigawatts of capacity — the equivalent of 13 nuclear reactors. Three days later, Vistra Corp. made its move with a $1.9 billion acquisition for 2.6 gigawatts of gas plants.

On May 19, Blackstone Infrastructure Partners agreed to acquire TXNM Energy, owner of New Mexico's largest utility, for about $5.7 billion. This was already shaping up to be a bumper year for U.S. power mergers and acquisitions. In January, Constellation Energy agreed to pay $16.4 billion for Calpine to create the country's largest fleet of power generation plants. Underlying it all is a boom in electricity demand driven by the rapid development of artificial intelligence. Gas offers greater reliability than renewables along with round-the-clock availability to satiate the thirst of new data centers.

Simply installing more gas capacity is problematic with yearslong delays caused by a shortage of turbines. The cost of new plants is anywhere from $1.5 billion to $3 billion per gigawatt, according to Bloomberg Intelligence. That makes the $700 million to $1.1 billion per gigawatt paid by NRG, Vistra and Constellation look like great value. "It's faster and cheaper to buy than build," BI analysts Nikki Hsu and Gabriela Privetera wrote in a note last week.

Spain boosts gas-fueled power generation after nationwide blackout

(Bloomberg; May 19) - Spain is boosting generation from costlier gas-fired power plants in the wake of a nationwide blackout that raised concerns about the grid's ability to cope with an abundance of renewable energy. The output of combined-cycle gas turbines, a generation technology more steady than solar, jumped 37% in the two weeks after the outage, compared with the two previous weeks, data from grid operator Red Electrica show. The gas plants' average share of Spain's power mix increased to 18% from about 12%.

The collapse of Spain's power grid left millions without electricity, telephone communication, trains and traffic lights for hours on April 28, including in neighboring Portugal and parts of southern France. The government is still investigating the causes, and hasn't yet clarified which technology was at fault and why, or who's to blame.

RBC Capital Markets analysts were among those saying that the most likely culprits were solar farms due to a lack of grid-forming inverters that help stabilize photovoltaic output. Energy regulator CNMC head Cani Fernandez told lawmakers that the system is currently working with more expensive backup mechanisms that would adjust more promptly to unwanted oscillations in power flow. The extra costs incurred to replace solar with gas for the sake of stability will impact consumer bills.

Santos wins ruling to develop controversial gas project in Australia

(Reuters; May 19) - Santos' A$3.6 billion (US$2.32 billion) Narrabri gas project in Australia can proceed, a tribunal ruled, as boosting domestic energy supply outweighed concerns the development would hurt the climate and damage Indigenous heritage sites. The decision follows a decade-long fight over the grant of leases for Santos to drill up to 850 wells and extract coal-seam gas in northwest New South Wales, an area that overlaps with the culturally significant Pilliga forest.

The local Gomeroi people have opposed the development, arguing the project's emissions would worsen climate change, affecting their health, way of life and the land. In a judgment released on May 19, the National Native Title Tribunal acknowledged the project's contribution to climate change was a "serious detriment," but said energy security was also an "important benefit" for the public as well as the Gomeroi people. The gas resources are estimated at several trillion cubic feet. Santos has said it could make a final investment decision later this year.

"Weighing the public interest evidence, including the evidence addressing environmental matters, the panel has found the project offers a net public benefit," the tribunal's decision said. Since the Narrabri gas project was proposed over a decade ago, it has been opposed by the Gomeroi, who said they are owed exclusive rights over the area. Native title is a legal doctrine in Australia that recognizes Indigenous rights.

EU will need to spend billions to refill gas storage before next winter

(Financial Times; London; May 18) - The European Union will need to spend at least €10 billion (US$11.2 billion) more than last year to refill its gas stores ahead of winter, after the first cold season in four years left its reserves heavily depleted. Following Russia's full-scale invasion of Ukraine in 2022, the bloc agreed to refill storage to 90% of capacity each summer, to avoid disruptions in the colder months. After this winter Europe's gas stores were two-thirds empty in March, requiring a significant effort and cost over the summer to restore them to normal levels.

"Europe had the first real winter since the war in Ukraine," said Ano Kuhanathan, an analyst at Allianz Trade, which provides insurance to traders. He added that a lack of wind for renewable power generation had also pushed up the consumption of gas. While gas prices are lower than a year ago, mainly because of lower demand from China, Kuhanathan estimated that it would cost about €26 billion to meet the 90% target by November. That compares with €16 billion to fill them to 99% last year.

EU countries have recently agreed to more flexibility in meeting the gas storage target, after criticism that the hard 90% goal prompted summer price spikes as governments rushed to fill storage. Germany, which is heavily reliant on gas, was among the most vocal nations calling for greater flexibility. The EU spent roughly €100 billion on importing pipeline gas and liquefied natural gas in 2024, Kuhanathan said.

Guyana welcomes oil wealth as it lives with risks of climate change

(CBC News; May 18) - As a place that's about 85% covered in rainforest, Guyana has long been an environmental darling for being a carbon sink, rather than a net carbon emitter like most countries around the globe. Protecting its rainforest has also been profitable for Guyana, earning the Latin American country hundreds of millions of dollars through a groundbreaking agreement with Norway in 2009, along with several subsequent deals to sell carbon credits. But then, the country struck the proverbial gold mine when oil was discovered offshore in 2015. Production began about five years later.

"Some persons saw it as a blessing: 'We're going to finally be rich, we're going to be the Dubai of the Caribbean,'" said Benita Davis, project coordinator at Policy Forum Guyana, a network of 23 organizations focused on climate change. "Everybody got really excited, while the environmentalists shook in their boots." Part of the concern is that the capital, Georgetown, and other coastal communities in Guyana are especially vulnerable to climate change, as they sit below sea level.

A 280-mile-long seawall has so far protected vast amounts of the country from Atlantic Ocean flooding. Yet many in the country have rejected the warnings of climate experts, as dozens of new buildings have been constructed near the ocean within the past year. "In a blink of an eye, it's going to be upon us," said Davis. At the same time, the majority of residents have lived in poverty for decades, earning less than $5.50 a day. Guyana is finally getting a taste of prosperity after becoming the world's newest petrostate.

Late last year, the government gave every adult a one-time payment of about $500. At an energy conference in Houston in March, the country's president said there's room to not only grow the fossil fuel industry but use it as a catalyst for other development. "We are already known for our environmental and climate credentials," he said. "But we want Guyana to be known as an economy that was propelled by revenue from oil and gas."

EU adds almost 200 Russian shadow fleet ships to its sanctions list

(Associated Press; May 20) - The European Union on May 20 agreed to impose fresh sanctions on Russia, notably targeting almost 200 ships from the shadow fleet illicitly transporting oil to skirt Western restrictions put in place over Moscow’s war in Ukraine. The 27-nation bloc targeted 189 ships in all, and imposed asset freezes and travel bans on several officials as well as on a number of Russian companies. The measures were endorsed by EU foreign ministers in Brussels.

Russia uses its shadow fleet to transport oil and gas or to carry stolen Ukrainian grain. The EU has now targeted almost 350 of the ships in total. Ukrainian officials have said that the shadow fleet involves around 500 aging ships of uncertain ownership and safety practices that are dodging sanctions and keeping oil revenue coming. The Kyiv School of Economics Institute and S&P Global have put the number at over 400 ships that can transport oil or products made from crude such as diesel and gasoline.

Russia forecasts growing tax revenue from Arctic projects

(High North News; May 19) - Despite recent delays, large-scale Arctic projects will remain a key driver of Russia's economy, new government data show. The Russian government expects resource development in the region to contribute in excess of $160 billion in tax revenue to the federal budget over the next decade to 2035. Western sanctions have halted or slowed down a number of projects along the Northern Sea Route — namely Arctic LNG 2 and Vostok Oil — but existing projects including Yamal LNG and the Arctic Gate oil terminal already provide substantial revenues.

Russian businesses Novatek, Gazprom, Rosneft, Norils Nickel and Lukoil all appear poised to continue their push into the Arctic. The region already contributes significantly to Russia's gross domestic product and exports. In 2024 the Arctic generated 11% of exports and accounted for 7.5% of the country's GDP. Those figures are likely to increase in the coming years. In comparison, the state of Alaska accounts for only 0.3% of U.S. GDP. In neighboring Canada that figure is 0.5% for the three northern territories.

"The Arctic is a geostrategic territory on a global scale. It is one of the key economic engines of Russia's development," said Alexey Chekunkov, minister for the Development of the Far East and the Arctic, in remarks last week. Russia has earmarked investments of $40 billion over the next decade to create an economic environment to ensure implementation of all proposed projects. If the government can meet those significant financial investments, however, remains to be seen.

Work will start on large-scale LNG marine bunkering facility in Texas

(Reuters; May 19) - A joint-venture project developing the first marine fuel facility for liquefied natural gas on the U.S. Gulf Coast has secured final permits and construction is expected to begin later this year, executives involved in the project said on May 19. The global shipping industry has been looking for fuel solutions to cut carbon emissions, with LNG seen as a cleaner alternative.

The facility is located on the Texas City Ship Channel, and the Galveston LNG Bunker Port Co. (GLBP) will supply LNG by fueling barge to the expanding fleet of LNG-fueled vessels in the Houston-Galveston region, GLBP said. GLBP is a joint venture between

Houston based Pilot LNG and Seapath, a subsidiary of global business group Libra. The project's overall cost is estimated at more than $300 million, Seapath said.

Initial deliveries are scheduled for the second half of 2027, Seapath said. The first phase of production at the 140-acre greenfield development will target 360,000 gallons per day, which will come online within approximately two years, with the second phase for full production of 720,000 gallons per day (representing about 60 million cubic feet of natural gas per day) approximately eight to 12 months after that, Seapath said. The project is the second dedicated LNG bunkering facility in the U.S. after Florida-headquartered JAX LNG, which operates a 360,000-gallon-per-day plant.

Texas may grant legal protection to reuse drilling waste water

(The Texas Tribune; May 19) - Oil and gas companies are seeking legal shelter as Texas comes closer to using waste brine once considered too toxic for anything other than fracking to replenish Texas' water shortages. Legislation filed by state Rep. Drew Darby could give drillers, transportation companies and landowners such protection. Darby told a Texas House panel in March his bill will give industries the certainty they need to ramp up treatment of the industrial waste, known as produced water. The full House approved the legislation earlier this year and it is awaiting a Senate debate.

Gov. Greg Abbott and other Republican leaders have made water a priority issue this session. Several proposals aim to increase the state's water supply, which is under duress from a growing population, climate change and leaking infrastructure. Cleaning produced water is one of several ways lawmakers hope to boost supply. There is an extraordinary amount of backwash from oil production, which continues to break records, especially in West Texas. For every barrel of oil produced, as many as five barrels of water are captured, Darby told lawmakers when he introduced the bill.

That water is either reused for fracking or stored underground. However, industry and legislators have put millions of dollars toward researching treatment methods. And now, some companies say they have scrubbed out the toxic contaminants to help refill drying bodies of water in West Texas. But the oil and gas industry is hesitating to expand this effort unless it can be sure it is shielded from liability after it hands off the water.