Oil and Gas News Briefs
Compiled by Larry Persily
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OPEC+ decides to boost production; a ‘bombshell to the oil market’

(The New York Times; May 3) - Oil prices are falling. Economists are cutting forecasts for global economic growth. Oil giants are reporting lower profits. But on May 3, eight countries that belong to OPEC+, including Saudi Arabia and Russia, said they would add about 411,000 barrels of oil a day in June. The move, which follows a similar step to increase oil production at their April meeting, is a major shift in policy that will ripple through the wider energy industry, hitting profits of oil companies and forcing cutbacks.

The group said the market was “healthy” and noted that oil inventories remained low. Saudi Arabia, the de facto leader of OPEC+, is signaling that it is reluctant to hold back millions of barrels a day of oil that it could produce, especially when other members, like Kazakhstan and Iraq, are not observing their production ceilings. “The view from Saudi Arabia, in particular, is that they no longer want to be the ones carrying the heaviest burden if other countries in the group are not showing sufficient commitment to doing their part,” said Richard Bronze, the head of geopolitics at Energy Aspects.

“OPEC+ has just thrown a bombshell to the oil market,” said Jorge Leon, an analyst at Rystad Energy, who previously worked at the OPEC secretariat. Prices of international benchmark Brent crude have fallen close to 20% since April 3, when the Saudis and other producers signaled they would increase production. U.S. benchmark West Texas Intermediate has slipped below $60 a barrel, a threshold where many producers can no longer turn a profit. Analysts say prices could fall further. Under such pressures, higher-cost producers, like U.S. shale drillers, may be forced to cut back.

OPEC+ production increase drives oil prices even lower

(Financial Review; Australia; May 5) - Oil prices plunged toward a four-year low on May 5 after the Organization of the Petroleum Exporting Countries and its allies shocked the energy market with a huge increase in production, adding to global demand woes caused by the U.S.-instigated trade war. The OPEC+ alliance, led by Saudi Arabia and Russia, agreed at a meeting on May 3 to raise output by 411,000 barrels a day in June, in a move designed to punish overproducing nations including Kazakhstan and Iraq.

Global benchmark Brent and West Texas Intermediate both opened lower on May 5. “OPEC couldn’t have picked a worse time to create friction with overproducing nations — the demand backdrop is highly uncertain and the specter of even higher output hikes brings into play that worst-case scenario that many in the industry were fearing,” ANZ’s senior commodity strategist Daniel Hynes said. While ANZ forecasts that Brent will fall to $US55 a barrel in the short term, Hynes warned that if markets continue to deteriorate at the current pace, he couldn't rule out prices dropping below $50 a barrel.

Indeed, Wall Street banks are once again cutting their price forecasts following OPEC's shock move. Morgan Stanley lowered its projection by $5 a barrel and now expects Brent to sit at $62.50 a barrel in the third and fourth quarters of 2025. Goldman Sachs is even more bearish and is now expecting Brent to average $60 a barrel for the remainder of this year, and $56 a barrel in 2026.

Saudis stress unity in boosting oil production to punish cheaters

(Bloomberg; May 3) - As Saudi Arabia's Prince Abdulaziz bin Salman addressed his OPEC+ counterparts on a video call May 3 to ratify the group's second huge supply increase in as many months, he invoked a surprising historical precedent: the 1973 oil embargo imposed by major OPEC nations that sent crude prices soaring. The parallel to today, the prince suggested, was that the Organization of the Petroleum Exporting Countries had withstood tough times in the past — and its unity was just as crucial now.

That cohesion is being tested. The decision to push more oil into an already-cratering market suggests Riyadh is doubling down on a radical strategy shift: After spending much of the past decade curtailing output to shore up the market, it's now willing to drive down prices as it seeks to punish members that have cheated on their quotas. The move looks to set to deepen a rout in crude futures, which crashed to a four-year low below $60 a barrel last month following the alliance's previous supply dump. It threatens to stoke price-war fears within the cartel and squeeze the budgets of producer nations.

The prince's history lesson was a sobering rebuke for Iraq and Kazakhstan, whose representatives sought to defend their inability to comply with quotas during the May 3 video call, said people who attended and asked not to be identified. "A deliberate 'sweating' to instill discipline has occurred twice since 2014 — roughly five years apart — and both episodes continued until group cohesion was restored," said Bob McNally, president of Rapidan Energy Advisers and a former White House energy official.

There are a lot of reasons for Saudis not to fight lower oil prices

(Bloomberg columnist; May 1) - Cartels have one — and only one — raison d'être: Push prices higher. OPEC is a textbook example. So why is Saudi Arabia, which leads OPEC, driving prices down? Ostensibly, it is trying to restore discipline among rogue producers: Kazakhstan, Iraq and the United Arab Emirates are cheating on their output targets. To force them to relent, Riyadh is voting at OPEC+ meetings for higher production for the whole group, hoping that the ensuing price decline forces the troublemakers into line.

The explanation makes a lot of sense. First, because the cheating is real, it's getting worse and the unruly countries have ignored warnings. Second, because Saudi Arabia has done it before, launching price wars against OPEC cheaters in 1985-86, 1998 and 2020. Yet, I'm unconvinced that's all there's to it. To appreciate Saudi oil policy, it always helps to focus on what the kingdom does, rather than on what it says.

In recent days, the Saudis have quietly sent a message to others in OPEC and beyond: We can live with low oil prices. And reading between the lines, Riyadh seems to be aiming to keep Brent crude below $70 a barrel, and perhaps even lower, a significant departure from its previous so-called Saudi First policy of sustaining prices as close to $100 as possible. Saudi Arabia has realized its previous policy of "as close to $100-a-barrel as possible" was unsustainable as it would require further production cuts.

And for nearly a decade, Saudi Arabia has worked closely with Russia. Perhaps the Saudis sense a change in tone in the Kremlin and are hedging their bets, increasing production before an actual split emerges. Also at stake, the Saudis are in talks with the U.S. about several issues, including defense guarantees, weapons contracts, Iran and a Saudi civilian nuclear program. Oil surely plays a role in those talks. Ultimately, many of those geopolitical considerations will inform the Saudi rationale to let oil prices drop.

U.S. oil and gas companies lost $280 billion in value April 2-28

(Wall Street Journal; May 1) – President Donald Trump cast himself on the campaign trail as the savior of U.S. oil and gas. His shock treatment of the American economy has left the industry reeling. Since Trump took office, oil drillers' stocks have plummeted as crude prices have tumbled. In the biggest oil field in the U.S., dismayed frackers are starting to reconsider their drilling plans because they anticipate demand for their product to weaken — in part as a result of Trump's erratic shifts on trade.

Together, America's oil and gas companies lost more than $280 billion in stock-market value between April 2, when Trump unveiled his tariff blitz, and April 28. Among the biggest U.S. oil companies, Exxon and Chevron shares have declined 11% and 18%, respectively. Oil field services giant Schlumberger and its top rivals, Halliburton and Baker Hughes, have fallen between 21% and 23%.

U.S. oil prices fell 19% in April to $58.21 a barrel, the lowest in more than four years. Oil companies are facing pressure on two fronts. Many economists anticipate Trump's tariffs will spark a global slowdown that will cut demand for crude. Meanwhile, the Organization of the Petroleum Exporting Countries and its allies are boosting output.

Before Trump took office, oil production in most U.S. regions was set to decline because of maturing fields and dwindling sweet spots. Oil executives expect Trump's policies to accelerate this trend, including in the Permian, the country's largest oil field. Drillers facing the prospect of a prolonged period of lower prices have started shedding rigs.

Oil majors stick with growth plans for now, despite falling prices

(Bloomberg; May 3) - The largest Western oil producers are mostly sticking with their growth plans for now, despite a sharp decline in crude prices during April and a decision by OPEC+ to crank up output in June. ExxonMobil, Chevron, Shell and TotalEnergies all maintained their capital spending plans as they reported first-quarter results this week. BP was the exception, cutting spending under pressure from activist investor Elliott Investment Management.

The steadfastness of the oil majors comes as the market appears to be oversupplied. Prices are at a four-year low as tariffs threaten to hurt the global economy and curb energy demand, and following the surprise decision last month by the Organization of the Petroleum Exporting Countries to increase production. Even more supply is on the way. OPEC+ members led by Saudi Arabia and Russia agreed to add 411,000 barrels a day next month, the group said following a meeting on May 3.

Big Oil's message that it will grow production in spite of lower prices contrasts with the position of U.S. shale operators that generally need more than $60 a barrel to break even. U.S. benchmark West Texas Intermediate closed at $58.29 a barrel on May 2. One shale-focused company, EOG Resources, said May 1 it had reduced its growth plans for 2025. EOG, which fracks in the Permian Basin, cut its budget for this year by $200 million and dialed back its forecast output growth to 2% from a previous view of 3%. JPMorgan Chase analysts have called the move the "canary in the coal mine."

Shell reportedly evaluating potential offer to take over BP

(Bloomberg; May 3) - Shell is working with advisers to evaluate a potential acquisition of BP, though it's waiting for further stock and oil price declines before deciding whether to pursue a bid, according to people familiar with the matter. The oil major has been more seriously discussing the feasibility and merits of a BP takeover with its advisers in recent weeks, the people said, asking not to be identified because the information is private.

Any final decision will likely depend on whether BP stock continues to slide, the people said. Shares of BP have already lost nearly a third of their value in the past 12 months as a turnaround plan has fallen flat with investors and oil prices tumbled. BP has been battling prolonged underperformance stemming in large part from a net-zero strategy embraced by its former CEO. His successor announced a reset in February, including a pivot back to oil, cuts to quarterly share buybacks and promises to sell assets.

Deliberations are in the early stages and Shell may opt to focus on share buybacks and bolt-on acquisitions rather than a megamerger, they said. Other large energy companies have also been analyzing whether they would want to bid for BP, the people said. A successful combination of Shell and BP would be one of the oil industry's largest-ever takeovers, bringing together the iconic British majors in a deal that's been discussed on and off for decades. The companies were once close rivals — with a similar size, reach and global clout — but their paths have diverged in recent years.

Qatar in talks with Japanese buyers for long-term LNG supply deal

(Reuters; May 1) - One of the world's biggest liquefied natural gas suppliers, QatarEnergy, is in talks with Japanese firms for a long-term deal to supply LNG from its North Field expansion project, five trading and industry sources told Reuters. Under the deal, Qatar would supply a consortium of Japanese importers, and a volume of at least 3 million tonnes per year would be split between them, four of the sources said.

If agreed, it would help to confirm Doha's decades-old dominance of the Japanese market, as competition intensifies from the U.S. and from neighboring Gulf suppliers — the United Arab Emirates and Oman — that offer more flexible contract terms. It would also be the first deal since Reuters reported in October that Qatar was finding it hard to agree to LNG deals with Asian buyers in Japan and South Korea due to competition.

The buyers in talks with QatarEnergy include Japan's largest power generator, JERA, and trading house Mitsui, said four of the sources. Qatar was the third-largest LNG exporter globally after the U.S. and Australia last year, exporting 79.54 million tonnes of LNG in 2024, according to data from analytics firm Kpler. The Middle Eastern country is planning for an 85% expansion in LNG output from its North Field's current 77 million tonnes per year to 142 million by 2030. Japan is the world's second-biggest LNG buyer after China, with its trade data showing imports of 65.89 million tonnes last year.

Asian nations’ decision on Alaska LNG should be coordinated

(Nikkei Asia commentary; May 1) – A proposed Alaska LNG project has reemerged as a crucial topic in U.S.-Japan ties as the countries prepare for a second round of talks May 1 over President Donald Trump's tariff plans. As far back as 1998, Marubeni planned a feasibility study with a U.S. oil major and other partners to look at gas production from Alaska's North Slope. Production was supposed to begin in 2007. But the project, nearly identical to the one floated by the current Trump administration, never came to fruition.

"We considered it, but the environment around the project at the time prevented us from commercialization," said a Marubeni source. As part of the team that reported on those plans, I felt a sense of deja vu when Alaska came up in February between Japanese Prime Minister Shigeru Ishiba and Trump. There are advantages to the idea, which has come up repeatedly over the past decades. Alaska LNG would take seven days to reach Japan, half the time it takes from the Gulf of Mexico through the Panama Canal. But those familiar with the matter agree commercialization is a challenge.

Moving gas to an LNG plant would require more than 800 miles of pipeline. The project is estimated to cost $44 billion, and equipment and materials prices are only rising. There is also concern over the lukewarm response from ExxonMobil, ConocoPhillips and other energy companies. Asian buyers do not want to end up taking LNG at a premium, even if doing so is beneficial for energy security. "We will carefully assess whether it is economically viable," Japan Foreign Trade Chairman told reporters.

Taiwan cannot easily turn its back on the U.S., given the threat of a crisis with China. And there is a possibility the U.S. could tie Alaska LNG with issues like increased defense spending in its dealings with Japan. It is important for Asian LNG importers to coordinate their response. Japan cannot be seen to be hesitant to invest in Alaska if Taiwan is seen embracing the idea. The decision to invest should depend on whether the project can provide an affordable and stable supply of energy.

U.S. equals record for LNG exports in April; 68% went to Europe

(Reuters; May 1) - The U.S. in April equaled its record for the largest volume of liquefied natural gas exports, as capacity increased with the ramp-up of Venture Global's Plaquemines plant in Louisiana, LSEG data showed. The U.S. is the world's largest LNG exporter and its capacity is expected to grow 20% in 2025 to 115 million tonnes after a record in 2024, according to the U.S. Energy Information Administration. In April, the U.S. exported 9.3 million tonnes, equaling the monthly record set in March.

Exports have been boosted this year by the startup of Venture Global's Plaquemines Phase 1 project. Europe was again the preferred market for U.S. LNG in April. The U.S. sent 6.3 million tonnes to the continent in April, which represented 68% of its total exports for the month. The U.S. sold 2.05 million tonnes to Asia in April, more than the 1.64 million it sold in March, as traders took advantage of higher prices in Asia.

In Europe, benchmark prices averaged around $11.48 per million Btu in April, down from $13.21 in March. One of the reasons prices have fallen in Europe is that Chinese buyers have been reselling their U.S. cargoes into Europe to avoid paying tariffs on them if they import them into China. Asia's gas price benchmark, the S&P Global Japan Korea Marker, averaged $12.23 in April, down from $13.50 in March.

U.S. embarks on rewrite of 1980 LNG safety standards

(Politico; April 30) - The last time the U.S. set safety standards for exporting natural gas, Jimmy Carter was president, the Soviet Union was still a thing and Queen had just released “Another One Bites the Dust.” In other words, an update is probably long overdue — and the Trump administration has kicked off a rewrite. But some safety experts worry that the president’s emphasis on deregulation and cost savings could weaken safety.

Transportation Secretary Sean Duffy said in a statement that the rule revamp would “slash red tape” to increase liquefied natural gas exports. And a draft notice of the new rulemaking by the Pipeline and Hazardous Materials Safety Administration said the regulations would examine “cost savings for the industry.” That gives Bill Caram, who heads the country’s main pipeline safety advocacy group, major pause.

Preparing natural gas for export is no simple task — and a lot has changed since 1980 when the safety rules were last updated. Workers use heavy hydrocarbons to cool and shrink the gas. Those hydrocarbons, such as ethane and propane, are heavier than air and can create a vaporous, flammable fog if they leak. In 2015, there were virtually no LNG exports in the Lower 48 states. Today, eight terminals ship overseas an average of 12 billion cubic feet of gas per day. Five more are under construction, and another dozen or so are in various stages of permitting. Safety continues to be a major concern.

S&P downgrades Australian LNG project developer for taking on risk

(Reuters; May 1) - S&P Global Ratings revised the credit outlook for Australia's Woodside to "negative" from "stable" on May 1 after the energy company reached a final investment decision for its $17.5 billion Louisiana liquefied natural gas project. Woodside deciding to proceed with the project without a material sell-down of its offtake exposure has eroded the company’s ratings headroom, the rating agency said.

Earlier this week, Woodside approved the multibillion-dollar LNG project, confident of a pro-fossil fuel U.S. administration and strong demand. This followed a 40% stake sell-down in the project to U.S. infrastructure investor Stonepeak, which left Woodside with a majority stake. S&P said Woodside remains exposed to the market risk of the entire project compared with its current effective economic interest in the project of 60%.

Woodside CEO Meg O’Neill reiterated this week that the company is pursuing a further stake dilution in the project. S&P expects Woodside's ratio of funds from operations to debt to track at about 50% over the next few years. Future ramp-ups at the Louisiana project are likely to reduce cash flow, leaving the firm with limited capacity to handle weaker oil prices or cost overruns at any of its major projects, the ratings agency said.

Canadian LNG project wants to add second ‘floatel’ for workforce

(The Canadian Press; May 1) - Woodfibre LNG says it is hoping to add a second "floatel" at its project site near Squamish, British Columbia, to house as many as 900 additional construction workers for its liquefied natural gas project at the site of a former pulp mill, about 30 miles north of downtown Vancouver. A statement from the company said it will submit an application to regulatory agencies to moor another floating hotel next to the ship that is already at anchor for worker accommodations.

The approval of the first floatel was controversial after the District of Squamish denied Woodfibre a permit over concerns of women's safety, waste management and other issues. The provincial Environmental Assessment Office stepped in and authorized the ship’s use last year. Woodfire LNG said the repurposed cruise ship, the Isabelle X, which is anchored offshore at the site, has minimized "any potential impact to the local housing market, local traffic or additional pressure on civic or health care services."

The Woodfibre LNG facility is expected to be completed by 2027 and will produce approximately 2.1 million tonnes of liquefied natural gas per year for export. The company says if the second floatel is approved, it would enter into a contract with Bridgemans Services Group, the same Canadian company that procured and retrofit the Isabelle X. The project developer said a second floating base camp for workers would speed up the timeline for construction. The project was last estimated at US$5.1 billion.

Venezuela cancels Chevron’s oil cargoes amid sanctions uncertainty

(Reuters; May 1) - Venezuela’s oil exports fell almost 20% to some 700,000 barrels per day in April, the lowest level in nine months, as cargo cancellations aimed at Chevron forced ships to return and some left ports empty, ship tracking data and documents showed. Venezuela’s state-run company PDVSA last month suspended most of the loadings it had assigned to Chevron and ordered the return of some cargoes bound for the U.S. amid payment uncertainty related to the enforcement of U.S. sanctions.

The measures cut Chevron short of a May 27 deadline the U.S. Treasury Department had set to wind down oil operations and exports from the OPEC country, which has been under U.S. energy sanctions since 2019. A total of 32 vessels departed from Venezuelan waters last month, carrying an average of 698,767 barrels per day of crude and fuel and 357,000 metric tons of oil byproducts and petrochemicals, according to LSEG vessel monitoring data.

The main destination of Venezuela’s oil exports was China with some 428,000 barrels per day, followed by the U.S. with 138,000 and India with 64,200, the data and documents showed. Chevron’s exports of Venezuelan crude to the U.S. plummeted 69% to some 66,000 barrels per day due to PDVSA’s measures.

Venezuela asks China to buy more oil

(Bloomberg; May 1) - Venezuelan Vice President Delcy Rodríguez asked Chinese officials to step up oil purchases during a visit to Beijing last week, as the nation seeks to preempt the U.S.-ordered exit of Chevron and other foreign energy operators next month. Rodríguez, who also runs Venezuela's energy ministry, met with Chinese Vice President Han Zheng and China National Petroleum Corp. Chairman Dai Houliang in Beijing on April 24-25, according to Chinese state media.

During the meetings, Rodríguez asked China to increase oil purchases and help provide delivery of the diluent and light crude needed to process and export Venezuela's tar-like oil, according to people briefed on the matter. China, Venezuela's biggest creditor, is seeking to renegotiate terms on its contracts, requesting an even steeper discount on oil purchases, some of the people said.

Venezuela is in an increasingly vulnerable position as President Donald Trump targets the oil that serves as major source of government revenue, part of his effort to ratchet up pressure on Nicolas Maduro's regime. Trump has imposed tariffs on countries that import oil from the South American nation, making negotiations with allies like China even more sensitive. He has also revoked licenses for foreign energy companies operating there. Asia's largest economy was already the No. 1 buyer of Venezuelan oil last month, with 10 tankers taking an average of 461,000 barrels per day.

Trump threatens sanctions on countries that buy Iranian oil

(Reuters; May 1) - President Donald Trump said all purchases of Iranian oil or petrochemical products must stop and any country or person buying any from the country would be immediately subject to secondary sanctions. "They will not be allowed to do business with the United States of America in any way, shape, or form," he wrote on Truth Social on May 1.

Trump's comments follow the postponement of the latest U.S. talks with Iran over its nuclear program, which had been due to take place in Rome on May 3. A senior Iranian official told Reuters a new date will be set "depending on the U.S. approach." Trump's administration has targeted Tehran with a series of sanctions on entities including a China-based crude oil storage terminal and an independent refiner it has accused of being involved in illicit trade in oil and petrochemicals.

In February, Trump restored a "maximum pressure" campaign on Iran which includes efforts to drive its oil exports to zero and help prevent Tehran from developing a nuclear weapon. Secondary sanctions are those where one country seeks to punish a second country for trading with a third by barring access to its own market, a particularly powerful tool for the United States because of the size of its economy.

Indonesia looks to nuclear power for energy transition

(Reuters; May 1) - Indonesia plans a major expansion in renewable energy by 2040, including the introduction of 10 gigawatts of nuclear power, a senior aide of President Prabowo Subianto said. The plan would more than double current renewable energy capacity as Indonesia, one of the world's biggest emitters of greenhouse gases, aims for carbon neutrality before 2050, said Hashim Djojohadikusumo, Prabowo's brother and the president's special envoy for energy and climate.

"Many of the contracts will be ... in the next five years ... especially the nuclear (contracts) because of the long lead times," Hashim told Reuters. By 2040, he said Indonesia aims to have an additional 103 GW power capacity, comprised of 75 GW from solar, wind, geothermal and biomass, 10 GW from nuclear energy, and the remaining 18 GW from gas. Indonesia's current installed power capacity is around 90 GW, more than half of it from coal. Renewables account for less than 15 GW of the current capacity, and the country has no nuclear power plants.

Russian state nuclear firm Rosatom, China National Nuclear Corp., Britain's Rolls Royce, France's EDF and the U.S. small modular reactor firm NuScale Power Corp. have shown interest in Indonesia's nuclear power ambitions, Hashim said. While the government is committed to energy transition, Hashim said it would take a balanced approach to achieving that goal. "The government does not want to commit economic suicide. There'll be no phase-out, but there will be a phase-down," he said.