Oil and Gas News Briefs
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BP faces uncertain future as it pivots back to oil and gas

(Bloomberg; May 7) - It's been almost 25 years since BP attempted to rebrand itself as "Beyond Petroleum" and adopt a more environmentally friendly image. But with a recent swing away from green energy toward its oil and gas roots, "Back to Petroleum" might be a more appropriate tag line. The shift comes as BP lags significantly behind its fellow oil and gas majors, thanks to a combination of corporate disasters, war, lackluster returns from its greener efforts, and some bad luck.

And with activist investor Elliott Investment Management turning up the heat and rival Shell potentially considering a takeover bid, BP is facing questions about its survival. It's grand reset plan faces an additional complication: the prospect of crude prices remaining below $70 a barrel as President Donald Trump's tariff war weighs on the outlook for oil demand and the OPEC+ cartel ramps up supply. By BP's own estimates, each $1 drop in oil prices wipes an estimated $340 million from its pretax profit.

In the face of ongoing investor disquiet, the firm announced a major pivot back to fossil fuels in February, ditching the prior CEO's vision of a low-carbon, fuels-of-the-future giant. BP's current CEO, Murray Auchincloss, said the company went "too far, too fast" due to what he called "misplaced" optimism over the pace of the energy transition. As part of a "fundamental reset," BP scrapped the plan to shrink oil and gas production and intends to boost expenditure on fossil fuels by nearly 20% through 2027.

Amid BP's weakened state versus its rivals, there's speculation it could be a takeover target — either in its entirety or broken up and sold for parts. Bloomberg News reported in May that Shell, whose market cap is now more than double BP's, is working with advisers to evaluate a possible acquisition, according to people familiar with the matter. A combination of the two firms would be one of the oil industry's largest-ever takeovers.

Permian producer says U.S. shale boom has peaked

(Barron's; May 6) - The U.S. shale boom has peaked, according to Diamondback Energy, one of the most prominent shale oil producers. President Donald Trump had said he wanted to preside over an American oil boom, but it now looks as though the domestic oil industry could shrink this year — allowing Saudi Arabia, Russia and other foreign players to take market share from the U.S. as those countries ramp up output.

Diamondback told shareholders in a letter with its first-quarter earnings report on May 5 that production is bound to come down in America's shale fields because of sinking oil prices and economic uncertainty. "We believe we are at a tipping point for U.S. oil production at current commodity prices," wrote Diamondback CEO Travis Stice. "This will have a meaningful impact on our industry and our country." Diamondback is one of the biggest players in the Permian. The basin accounts for nearly half of U.S. oil output.

The shale boom has made the U.S. the top oil and gas producer in the world, but the growth is about to tail off. "Today's prices, volatility and macroeconomic uncertainty have put this progress in jeopardy," Stice wrote. One analyst speculated that the CEO letter may have been directed at a wider audience. "We can't help but wonder if the last 'letter to stockholders' written by outgoing CEO Travis Stice was intended as much for government leaders in Washington, D.C., as it was for Diamondback shareholders," wrote Tim Rezvan, an analyst at KeyBanc Capital Markets.

Construction cost overruns deter shippers on Canadian oil line

(CBC; Canada; May 3) - The Canadian oil patch has a new pipeline, something it's pleaded for year after year, and it offers a relatively quick route to the West Coast and overseas markets. But a year in, the newly expanded Trans Mountain Pipeline still isn't running at full capacity — though the CEO of the Crown corporation said he doesn't think it's a problem. The pipeline has downgraded its forecasts for the amount of oil expected to flow through the system over the next three years, according to Reuters.

That suggests some companies are unwilling to pay higher tolls, charged due to the project's costs ballooning higher than expected. The federal government purchased the Trans Mountain line for C$4.5 billion, then development and construction costs ballooned the expansion to C$34 billion. During that time, oil companies were excited about the prospect of a new export line, while also growing concerned about rising costs, which they'd ultimately have to shoulder, in part through tolls paid to ship their oil.

The oil companies that signed contracts more than a decade ago to use the Trans Mountain pipeline are battling with the Crown corporation over the hefty price of tolls. The Canada Energy Regulator will hold hearings this summer into the disagreement. If the pipeline is too expensive to use, oil companies could look to other pipeline systems to export crude. However, if tolls are too low, that could impact the profitability of the corporation and the eventual multibillion-dollar amount the federal government could collect by selling the entire Trans Mountain system — which it has long wanted to do.

LNG Canada on track for first production in June

(Reuters; May 5) - LNG Canada has completed the cooldown of its liquefied natural gas plant in Kitimat, British Columbia, and is preparing for the plant to produce its first LNG in June, two people familiar with the process told Reuters. Cooling an LNG plant to test how machinery expands and contracts is a critical step to ensuring the safe production of the super-chilled gas, and an essential preparation to beginning operations.

LNG Canada is the country's first gas export facility and when completed is expected to produce 14 million tonnes per year. The company confirmed that the carrier Maran Gas Roxana, which on April 1 brought a shipment of LNG to the plant, departed on May 3. LNG Canada started flaring gas in April and said it will continue into May. Flaring will occur while systems are tested, the company said.

Once operational, the plant will give Canadian energy firms another outlet for their production, facilitating sales to other countries. For now, the U.S. is the only outlet for Canadian gas. Canada exported about 8.6 billion cubic feet per day of gas via pipelines to the U.S. in 2024, up from 8 bcf a day in 2023 and an average of 7.5 bcf between 2018 and 2022, according to data from the U.S. Energy Information Administration. LNG Canada is a joint venture of Shell, Petronas, PetroChina, Mitsubishi and Korea Gas.

Canadian company wants to displace frack sand imported from U.S.

(CBC; Canada; May 4) - A British Columbia-based company wants to open a sand mine north of Prince George to provide a made-in-Canada solution to an anticipated boost in liquefied natural gas exports. Vitero Minerals' proposed silica sand mine, about 35 miles north of the city, would produce sand used in hydraulic fracturing to prop open the fractures that are created during oil and gas extraction. Right now, the company says, most of that sand is imported from Wisconsin, but amid a "Buy Canadian" movement, CEO Scott Broughton believes that should apply to the industrial sector, as well.

"We should make that locally. We should capture that market," he said while speaking at the Minerals North conference held in Prince George this week. Broughton said the project has an estimated investment of $300 million and would include an industrial mine, quarry and finishing plant and provide approximately 150 ongoing jobs, while vice president of operations Cullen McCormick characterized it as a "glorified sand and gravel pit" in terms of appearance and process.

B.C.'s Environmental Assessment Office is seeking public feedback on the project. The proposal comes as the province is promising to fast-track select industrial developments — and as conservation groups are sounding the alarm about British Columbia falling behind on its environmental goals amid the rush to diversify the economy away from the United States. Sand from the mine would be sold into the Montney oil and gas basin bordering northeast British Columbia and Alberta, where industry anticipates increased production as the LNG Canada facility comes online in Kitimat, B.C., later this year.

LNG developer secures financing from 19 banks for Louisiana project

(Rigzone; May 6) - Venture Global has secured $3 billion in syndicated borrowings to help fund its CP2 LNG project in Cameron Parish, Louisiana. CP2 would be the company's third gas liquefaction and export plant in the state. "This new capital, on top of the more than $4 billion we have already invested to date, will enable continued fabrication, manufacturing and procurement at an accelerated pace," Venture Global CEO Mike Sabel said in an online statement.

If Venture Global makes a final investment decision to build CP, planned for up to 28 million tonnes annual production capacity, it would join the company's two operating LNG export plants: Calcasieu Pass, at about 10 million tonnes, which started operations in 2022, and Plaquemines, at up to 27 million tonnes, which started up limited production late last year and is continuing to complete construction and commissioning.

The loan from a group of 19 banks follows the launch of CP2's process to reach a final investment decision in March. SMBC served as left lead arranger and sole bookrunner. Caixabank and LBBW served as lead arrangers. Bank of America, BBVA, Deutsche Bank, ING, Goldman Sachs, JP Morgan, Mizuho, MUFG, NBC, RBC, Santander, Scotiabank and Wells Fargo served as coordinating lead arrangers. ICBC, NordLB and Regions served as joint lead arrangers.

U.S. LNG industry wants exemption from new U.S.-built tanker rule

(Reuters; May 7) - U.S. energy groups are asking the President Donald Trump administration to exempt liquefied natural gas tankers from a new rule that will require producers to move an increasing percentage of their exports on U.S.-built vessels as part of a broader push to revive domestic shipbuilding. The U.S. is the world's No. 1 LNG exporter at $34 billion annually, and the Trump administration has been a supporter of the industry in his push for energy dominance.

In a move that shocked the industry, the U.S. Trade Representative announced April 17 that LNG shippers would have to transport 1% of their exports on U.S.-built ships starting in April 2028. That percentage would escalate to 15% in 2047 and beyond. That could put the U.S. LNG industry at a disadvantage to others around the world because there no operational U.S.-built LNG carriers to meet the requirement, the American Petroleum Institute said in an April 23 letter to senior federal officials.

Individual LNG exporters that do not comply could lose their export licenses, even though the percentages apply to the overall industry and to ships that exporters do not own or control, industry groups warned. There are now 792 LNG carriers in operation globally, according to shipping consultancy AXSMarine. LNG ships from South Korea and Japan dominate that group, with 703 combined. China, which aims to become an LNG tanker powerhouse, has built 58. Five were built at U.S. shipyards — though those 1970s-era American made vessels are laid up and not in use, AXSMarine said.

China returns to LNG spot market purchases as prices drop

(Bloomberg; May 5) - Chinese firms are purchasing liquefied natural gas shipments from the spot market, a reversal of months of relative inactivity from the world's top buyer, after prices slumped to the lowest level in about a year. At least two shipments were procured last week at around $10 per million Btu, according to traders with knowledge of the matter. More buying may materialize this week if prices remain in this range, the traders added.

The move is a U-turn for Chinese LNG buyers which had reduced imports and resold shipments because expensive gas was not attractive to a weaker domestic market. China was the biggest LNG importer in 2024, but deliveries have slumped about 24% from January to April compared to the same period last year. Consistent purchases by China and others may help slow the recent decline in Asian and European gas prices. Spot benchmarks in both regions have fallen amid fears that the global trade war could result in an economic slowdown.

Price-sensitive Indian companies have upped procurement too, traders said. Indian Oil Corp. bought a cargo late last week for June delivery, and GAIL India is now seeking a shipment in a tender that closes this week, the traders said.

Argentine consortium orders second floating LNG production unit

(Reuters; May 2) - Argentina's Southern Energy floating liquefied natural gas project announced on May 2 it will charter a second liquefaction vessel with a production capacity of 3.5 million tonnes of liquefied natural gas per year from Golar LNG, to arrive in the country in 2028. Argentina is seeking to become a global energy player by exploiting its giant Vaca Muerta shale formation, which holds the world's second-largest shale gas and fourth-largest shale oil reserves.

The ship, named MKII, joins another vessel chartered by Southern Energy, the Hili Episeyo, that is expected to start up in 2027. "Together, the two ships should be able to produce 6 million tonnes of LNG annually," equal to almost 1 trillion cubic feet of gas, Southern Energy said in a statement. Southern Energy is owned by a consortium including Argentina's state energy producer YPF, Golar LNG and others. The second ship, under construction in China, is due to be operational toward the end of 2028.

This is a separate venture from Italian oil and gas player Eni, which is looking at investing with Argentine oil and gas company YPF in a multibillion-dollar floating liquefaction unit in Argentine waters

Indian LNG importers sign contracts linked to U.S. gas prices

(Bloomberg; May 7) - Indian liquefied natural gas importers have signed a flurry of long-term purchase agreements linked to the U.S. price benchmark, the latest effort by the nation's buyers to protect themselves from volatile LNG markets. State-owned companies have signed at least four contracts since December, totaling nearly 11 million tonnes per year, priced to the U.S. natural gas Henry Hub index, according to executives familiar with the deals. Until now, most of India's long-term contracts have been linked to crude oil prices, the traditional way to price LNG deals.

Pricing the fuel to the Henry Hub index doesn't necessarily mean that the fuel will come from the U.S., rather it is a move to hedge price risk. India's consumers — from power plants to petrochemical facilities — are highly price-sensitive as gas competes head-to-head with cheaper and dirtier alternatives. Companies that relied on the spot market or oil-linked contracts have periodically been forced to cut back purchases due to price spikes. U.S. gas futures prices have been relatively less volatile and more liquid than the Asian spot benchmark, the S&P Japan-Korea Marker (JKM).

"The past 10-year average shows that there have been periods during winter months (when the) JKM benchmark surged beyond imagination, while Henry Hub prices saw proportionally smaller growth," Bharat Petroleum's Director Finance V.R.K. Gupta said. Indian Oil Corp. last week signed a deal with commodity broker Trafigura for 2.5 million tonnes of LNG, 27 cargoes, spread over five years, with supplies starting the middle of this year. The recent deals have been signed at a 115% link to Henry Hub plus $5 to $6 per million Btu. The supply is for delivery directly to India and includes shipping costs.

EU gets ready to ban Russian natural gas by end of 2027

(Bloomberg; May 5) - The European Union is set to propose measures to ban Russian natural gas imports by the end of 2027, as the bloc pushes to sever ties with the country that was once its biggest energy supplier. The EU is moving ahead with a long-held intention to phase out Russian fossil fuels after earlier this year delaying the release of its "road map" in order to assess the impact of U.S. efforts to end the war in Ukraine, according to people familiar with the matter.

Russian gas flows to Europe dropped sharply in the wake of Moscow's full invasion in 2022, but it remains a substantial supplier through a pipeline via Turkey and shipments of liquefied natural gas. The EU plans to propose in June a ban on all gas purchases under new deals with Russia and existing spot contracts, which account for about a third of imports, to take effect before the end of the year, according to the people.

The European Commission, the bloc's executive branch, will next month also adopt measures to end the remaining imports of Russian pipeline gas and LNG tied up in long-term contracts, but they will require a longer transition until the end of 2027, the people said. Russian imports still accounted for 19% of the 27-nation bloc's total gas purchases last year after LNG shipments surged to a record as Gazprom squeezed pipeline flows. The commission's timeline rests on the bloc's ability to source alternative LNG supplies from the U.S., Qatar, Canada and Africa, according to the people.

Russia's latest nuclear-powered icebreaker goes to work

(The Barents Observer; Norway; May 5) – Russia's newest nuclear-powered icebreaker, the Yakutia, has gone to work in Arctic waters, according to ship operator Rosatomflot. The Yakutia is powered by two reactors and is part of Rosatomflot's fleet of nuclear-powered icebreakers. It has three sister vessels of the same class: the Arktika, Sibir and Ural. All have been busy through the winter with ship escorts in the Kara Sea, the Gulf of Ob and Gulf of Yenisey, particularly serving oil and gas developments.

The Yakutia is 569 feet long, with a beam of 112 feet. The flag-raising ceremony took place at the Baltic Yard in St. Petersburg in late December and the ship arrived in Murmansk in mid-April. It subsequently set course for Yenisey Bay. On April 18, the icebreaker started escort of the Grigory Shelikhov, a cargo ship loaded with oil industry equipment, and a few days later arrived in Sever Bay. The ice-locked bay on the northern end of the Taymyr Peninsula is the site of Rosneft's new oil terminal. Russia now has eight nuclear icebreakers — four older models and the four newer ships.

China imports less coal as it boosts domestic production

(Reuters columnist; May 6) - Asia's seaborne thermal coal prices have slumped to four-year lows as the region's heavyweight buyers China, India and Japan all import less of the power-station fuel. Prices for the main grades of thermal coal shipped from top exporters Indonesia and Australia have been on a sustained downtrend since October last year, and this has accelerated in recent weeks as import volumes have weakened.

China, the world's biggest buyer of thermal coal, saw imports drop to 22.72 million tonnes in April, down from 23.84 million in March, according to data compiled by commodity analysts Kpler. For the first four months of 2025, China imported 91.56

million tonnes, down 13.1% from the 105.4 million in the same period a year earlier, according to Kpler. The fall in China's thermal coal imports comes amid weaker coal-fired generation and record high domestic coal output.

First-quarter thermal power generation in China, which is overwhelmingly coal-fired with only tiny volumes of natural gas, fell 4.7% as both hydropower and renewable generation rose. Meanwhile, domestic coal production hit a record high of 440.58 million tonnes in March, up 9.6% on year, helping boost first-quarter output by 8.1%.

Crude oil, diesel, gasoline, coal exports all declined in first quarter

(Reuters; May 7) - Shipments of most widely traded energy products are slowing in sync with the global economy, which has been stunned by the tough new tariffs imposed by U.S. President Donald Trump so far this year. Exports of crude oil, gasoline, diesel and thermal coal all contracted during the January-to-April window from the same months in 2024, as the economies of importer nations drop down a gear in response to heightened trade uncertainty.

Global export volumes of crude oil from January through April totaled 4.93 billion barrels, according to data from commodity intelligence firm Kpler. That total was 1.3% lower than during the same period in 2024 and was driven mainly by a 9% drop in oil imports by China, the world's largest crude importer and consumer.

The liquefied natural gas and chemicals sectors have registered export volume gains so far this year but are at risk of a slowdown if the malaise chilling demand for oil, coal and fuels also cools the power and manufacturing sectors. Total exports of LNG hit a record for the January to April period, with just over 143 million tonnes of the super-chilled gas shipped out during that window. That volume figure was only 1% more than during the same months in 2024. Any sustained dips in LNG shipments over the coming months could easily knock year-to-date volumes into reverse.

Utah waits for Supreme Court decision on oil railroad decision

(The Salt Lake Tribune; Utah; May 5) - Utah’s oil production was higher than ever in 2024, according to a report last week. And if the state, the Ute Indian Tribe and industry groups have their way, Utah’s oil production — specifically from the Uinta Basin — will keep breaking records. The state produced 65 million barrels of oil in 2024, an increase of 13% from 2023 and the highest on record, a research brief from the University of Utah’s Kem C. Gardner Policy Institute and the Utah Geological Survey says.

More than half of the oil was Uinta Basin waxy crude, transported to the Gulf Coast for refining. “From a resource standpoint, the Uinta Basin has a world-class oil resource,” said Michael Vanden Berg, energy and minerals program manager for the Utah Geological Survey, during a media roundtable last week. “We have gotten so successful at drilling these horizontal wells, and we could be drilling more and we could be producing more,” he continued, “except for the transportation concerns.”

Producers truck oil from the remote, northeastern Utah region to train terminals and ultimately to refineries in Louisiana and Texas. But if the Uinta Basin Railway moves forward, the proposed 88-mile railroad would connect the region to the national rail network, eliminating truck capacity as a limiting production factor. As a result, oil exports from the region could quintuple, according to a 2021 environmental review. The Uinta Basin Railway, though, has been plagued by controversy. Opponents have sued to stop the rail project, with the case waiting for a decision from the U.S. Supreme Court.