

Oil and Gas News Briefs

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Higher natural gas prices push U.S. utilities to burn more coal

(Reuters commentary; Nov. 13) - A jump in natural gas costs has spurred several U.S. utilities to lift coal power output and cut back on gas-fired generation so far this year, reversing a years-long trend of lower coal use and emissions in the country. While the trend has been a national phenomenon, six states — Arkansas, Indiana, Michigan, Ohio, South Carolina and Wisconsin — will play a more prominent role in determining the future trajectory of U.S. coal use if natural gas prices keep climbing.

That's because these six key states have roughly equal-sized generation shares of coal and gas within their electricity mixes, and so have the capability to replace one fuel with the other whenever market conditions dictate. With U.S. wholesale gas prices up 44% from a year ago and close to testing multi-year highs, additional coal-for-gas switching is likely in areas where utilities are under pressure to keep power bills in check.

Benchmark U.S. gas futures have averaged around \$3.57 per million Btu so far in 2025, according to data from LSEG. That compares to a \$2.47 in 2024. To cut costs, several utilities have opted to burn more coal instead of gas, as U.S. coal prices this year have averaged around 20% less than gas prices and have risen only 7% from 2024's average, data from LSEG shows. Total U.S. coal-fired electricity production through the opening seven months of the year increased by around 16% from the year before, Ember data shows, reflecting the broadly higher coal use across the country.

U.S. natural gas futures rise to highest price in 3 years

(Wall Street Journal; Nov. 13) - The onset of cold weather and record LNG exports have driven U.S. natural gas prices to their highest levels since fuel markets spiked following Russia's 2022 invasion of Ukraine. This is good news for U.S. drillers, who suffered through a supply glut and some of the lowest prices on record last year. But higher prices threaten to boost Americans' heating bills. Roughly 61 million U.S. homes are warmed with natural gas, according to the Energy Information Administration. Another 57 million are powered by electricity, much of which is generated by burning gas.

Gas futures for December delivery rose 2.5% on Nov. 13 to settle at \$4.646 per million Btu. That is up 67% from a year ago and the highest since December 2022. January gas is even more expensive, at \$4.843. Those prices are well above the EIA's forecast of \$3.90 this winter. "For now, this market appears to be focused on a record pace of export activity that is more than offsetting a near record pace of production," energy-

trading firm Ritterbusch & Associates wrote to clients. The EIA said this week that new LNG export facilities are ramping up faster than anticipated, pressing more demand.

Cheniere officer says U.S. LNG exports could take 40 bcf a day of gas

(Reuters; Nov. 14) - U.S. liquefied natural gas plants could take as much as 40 billion cubic feet of natural gas per day in coming years, Cheniere Energy Chief Commercial Officer Anatol Feygin said on Nov. 14. U.S. plants are currently using a record 18 bcf per day of gas to produce LNG, according to data from financial firm LSEG. The increased demand for liquefaction could lead to U.S. natural gas prices, which have risen around 62% over the past year, becoming even more expensive toward the end of the decade, Feygin said at a seminar held by the Federal Reserve Bank of Kansas City.

Feygin said natural gas drillers would be able to increase output to match the increased demand. While there are fears about an oversupplied market as new LNG capacity comes online, the executive said Asian countries such as Bangladesh and Pakistan could be attracted by lower prices and end up increasing demand. The world will need to add 30 million tonnes of new LNG supply every year to meet global demand growth, with most of the new capacity coming from the U.S., he said.

'Rising construction costs have driven some of the recent final investment decisions in U.S. LNG,' he said. "Over two-thirds of the FID this year was done because the fixed-priced EPC (engineering, procurement and construction) contracts were about to expire and there was a rush to maintain the construction cost of building the LNG plant," Feygin said. Cheniere started the U.S. LNG export terminal building boom when it opened its first plant in 2016 in Sabine Pass, Louisiana. He has since expanded that facility and opened — and expanded — a terminal in Corpus Christi, Texas.

Global LNG supply growth could push down prices, hurt investment

(Reuters commentary; Nov. 13) - The liquefied natural gas market is bracing for a surge in supply next year, largely from top exporter the United States, but what is less certain is just how low spot prices will have to drop to clear the additional volumes. Global supply of the fuel is expected to rise to 475 million tonnes in 2026, according to data from commodity analysts at Kpler, a 10.2% gain over the 431 million forecast for 2025.

Kpler's principal LNG analyst Go Katayama told a seminar in Sydney on Nov. 13 that U.S. capacity will rise to 130 million tonnes next year. This is up from 90 million tons in 2024 and an expected 110 million this year. The overall global supply jump is likely to weigh on prices, with Kpler forecasting benchmark Asian spot prices will average \$10 per million Btu in 2026, down from about \$12 in 2025. The big question is who is likely to buy the LNG, much of which is uncontracted and available for spot transactions.

China's weak LNG imports this year may well reverse amid stronger residential and trucking demand, with Kpler expecting imports to rise 8 million tonnes to 75 million in 2026. Other potential bright spots for demand are India and Southeast Asia nations such as Thailand and the Philippines. However, they are largely price-sensitive buyers, and it would likely take a drop to below \$8 to drive them to take significant volumes.

Europe's LNG demand may increase as it continues to walk away from Russian pipeline gas, but growth may be modest as renewables increase. Whether new LNG supplies hitting the market in 2026 will be enough to drive the price as low as \$8 is debatable, but a further wave in 2027, particularly from Qatar, could be enough to rout prices. This is leading to a market consensus that prices are likely to drop on a sustained basis, which will help boost demand in Asia. But for any lift to be sustained, prices will have to remain low, a situation that is likely to curb future investment in new LNG capacity.

IEA sees global surplus of 4.09 million barrels of oil per day next year

(Reuters; Nov. 13) - The global oil market faces an even bigger surplus next year of as much as 4.09 million barrels per day as OPEC+ producers and rivals lift output and demand growth slows, the International Energy Agency said on Nov. 13. The outlook from the IEA, which advises industrialized countries, is the latest warning that the oil market is heading for oversupply. A surplus of 4.09 million barrels per day would equal almost 4% of world demand, and is much larger than other analysts' predictions.

"Global oil market balances are looking increasingly lopsided, as world oil supply is forging ahead while oil demand growth remains modest by historical standards," the IEA said in its monthly report. OPEC+, the Organization of the Petroleum Exporting Countries plus Russia and other allies, has been boosting output since April. Other producers, such as the U.S. and Brazil, are also increasing supply, adding to fears of a glut and weighing on prices.

Supply is rising faster than demand, the IEA said. Global output was 6.2 million barrels per day higher in October than in January, divided evenly between OPEC+ and non-OPEC producers, the IEA said. Top OPEC producer Saudi Arabia contributed 1.5 million of the increase, while Russia added just 120,000 amid sanctions and Ukrainian attacks.

Global oil market even more unbalanced between supply and demand

(Wall Street Journal; Nov. 13) - The oil market is becoming increasingly unbalanced with global inventories continuing to climb and an even larger surplus expected this year, the International Energy Agency said in its closely watched monthly report. The Paris-based organization raised its forecast for global demand, saying it is now expected to grow by

788,000 barrels a day this year and 770,000 barrels a day the next. However, estimates for oil supply growth were also raised to 3.1 million barrels a day and 2.5 million for the periods, respectively, from earlier projections of 3 million and 2.4 million barrels a day.

“Global oil market balances are looking increasingly lopsided, as world oil supply is forging ahead while oil demand growth remains modest by historical standards,” the IEA said Nov. 13. “At the same time, the risks to the forecast remain plentiful, with the economic repercussions of the recent tariff turmoil and the U.S. federal government shutdown still uncertain, and the impacts of new sanctions on Russia yet to become clear.” The IEA’s latest forecasts imply that supply could exceed demand by 2.4 million barrels a day this year and 4 million barrels a day the next.

The IEA’s Nov. 13 report comes as Brent crude trades above \$62 a barrel, while West Texas Intermediate is around \$58 a barrel. Prices are pressured by concerns over excess supply and signs of weaker demand in the U.S.

Chevron CEO sees increased oil and gas supply weighing on prices

(Bloomberg; Nov. 12) - Increased oil supply from OPEC and its allies will continue to put pressure on crude prices next year, while liquefied natural gas prices will likely fall later in the decade, according to Chevron Chief Executive Officer Mike Wirth. “Oil prices in 2026 are likely to feel more pressure than LNG prices,” Wirth said in an interview with Bloomberg TV. “There’s a lot of oil supply that’s coming back from the OPEC+ countries that have been holding supply back.”

Chevron expects strong, “linear” demand increases for liquefied natural gas globally, but sees lower prices at the end of the 2020s due to a surge in supply, particularly from the Gulf Coast and the Middle East. “There’s a period of time when it would appear we’re going to see more supply coming into the market than demand will be able to absorb,” Wirth said. “That probably results in lower spot prices.”

No shortage of crude but threats to refinery output drives up prices

(Bloomberg; Nov. 15) - It’s a great time to be an oil refiner — but a less great time to be filling up at the pump. In Europe, the U.S. and Asia, giant plants are making money by doing what they’ve always done: converting crude oil into vital fuels and selling them at a profit. What’s different today is the scale of the threat to global refined product supplies. Relentless attacks on Russia’s energy infrastructure, outages at key refineries in Asia and Africa and permanent refinery closures across Europe and the U.S. have removed millions of barrels of diesel and gasoline from the world market.

Then all in traders' fears of what's yet to come: U.S. sanctions on Lukoil and Rosneft and fresh European Union curbs on fuels made from Russian crude threaten already squeezed supply chains. The result is ongoing pressure on costs at the pump despite a fall in oil prices. "Global refinery margins are astronomical," said Eugene Lindell, head of refined products at consultancy FGE NexantECA. "The signal you're giving the global refining system, no matter where the refinery is located, is to just run flat out."

In the U.S., Europe and Asia, margins are the highest they've been at this time of year since at least 2018, according to data compiled by Bloomberg. The profits are so good that refiners' stock prices are also surging. While expectations of a glut are dragging on crude prices, disruption to the global refining system is limiting how much oil can be turned into products like gasoline, diesel and jet fuel. While that benefits the processors still running, it also means the slump in headline oil prices isn't being felt at the pump.

Enbridge approves adding Canadian oil pipeline capacity to U.S.

(Reuters; Nov. 14) - Canadian pipeline operator Enbridge on Nov. 14 approved \$1.4 billion in expansion projects for its Mainline and Flanagan South pipelines to the U.S., which it stressed is the most logical destination for new crude export capacity out of Canada. The projects will add a combined 250,000 barrels per day of capacity for Canadian heavy-oil shippers moving crude to the U.S. Midwest and Gulf Coast. The additional capacity is expected to come online in 2027.

Enbridge also announced last week its plans early next year to formally gauge commercial interest in a second phase of expansion on its Mainline network, which could add another 250,000 barrels per day of capacity. Although the government of Canada, which sends 90% of its oil exports to the U.S., is trying to diversify away from that market due to unpredictable trade policies under President Donald Trump, Enbridge Executive Vice President Colin Gruending said U.S. expansion makes the most sense.

"That's where we've got the world's biggest refining complex and who wants more of our Canadian oil," he said. "The opportunity set is pretty strong (to the) south, and there are all kinds of geopolitical reasons to do that and strengthen ties there." Canada's oil output hit a record 5.1 million barrels per day last year and Enbridge is forecasting it will see an additional 500,000 to 600,000 barrels of growth by the end of the decade. If the Canadian government scraps some regulatory and policy hurdles that have inhibited the sector's growth in recent years, Gruending said, supply could grow more than forecast.

Saudi Aramco reportedly signing two more deals to buy U.S. LNG

(Reuters; Nov. 14) - Saudi Aramco is set to sign two U.S. liquefied natural gas supply deals with Woodside Energy and Commonwealth LNG when Saudi Arabia's Crown

Prince Mohammed bin Salman visits Washington next week, sources familiar with the matter told Reuters. The world's largest oil exporter, Saudi Aramco, wants to become a major liquefied natural gas player, especially in the U.S., where LNG capacity is set to almost double over the next four years. It has already signed deals with other U.S. players, including NextDecade's Rio Grande LNG project in Texas.

Saudi Aramco targets 20 million tonnes per year of LNG supply contracts, with 4.5 million currently in progress, Aramco CEO Amin Nasser said in a call with analysts in August. Shell, the world's biggest LNG trader, sold 66 million tonnes last year. Aramco is expected to secure LNG supply of up to 2 million tonnes from Commonwealth LNG's proposed facility in Louisiana, industry sources said. Commonwealth plans to make a financial investment decision on building the plant by the end of the year.

Meanwhile, a deal with Woodside is expected to see Aramco buy a stake in the company's \$17.5 billion Louisiana LNG project as well as strike an offtake agreement to secure up to 2 million tonnes of LNG supply, said four industry sources. Woodside in April gave a final approval for its project —planned for a capacity of 16.5 million tonnes per year — with production to start in 2029.

[Canada adds proposed British Columbia LNG project to fast-track list](#)

(Reuters; Nov. 13) - Canada said on Nov. 13 it will add the proposed Ksi Lisims LNG facility to its major projects list for fast-tracking, a designation the company behind the project said makes it more likely to proceed. Prime Minister Mark Carney made the announcement in Prince Rupert, British Columbia, about 40 miles south of where the facility would be located with direct shipping access to Asia. Ksi Lisims has a planned capacity of 12 million tonnes per year, which would make it Canada's second-largest export terminal after Shell-led LNG Canada, which began operations this summer.

Carney is aiming to speed up natural resource project construction to boost the economy that has been damaged by U.S. tariffs. The government created a major projects office this year, tasked with streamlining approvals and helping to coordinate financing for large-scale infrastructure projects deemed in the national interest.

The proponents of Ksi Lisims — Houston-based Western LNG; a consortium of Canadian gas producers called Rockies LNG; and the Nisga'a First Nation, who own the land for the project — have not made a final investment decision to proceed. But Western LNG CEO Davis Thames told Reuters that inclusion on Canada's major projects list brings Ksi Lisims closer to fruition, adding that the proponents expect to decide whether to proceed early next year. "Time is money, and when you have to stop construction because you didn't get a permit in time, that's what just kills budgets."

Mozambique locals say they are losing out on LNG project business

(Reuters; Nov. 12) - Hotel manager Fernando Cuna waited four years for TotalEnergies to resume construction of its \$20 billion liquefied natural gas project on Mozambique's coast, hoping it would bring clients to the nearby town of Palma. In a province where the average household income is less than \$1 per day, locals like Cuna invested in hotels, catering and transport to benefit from the French oil major's LNG project, only to see it suspended in 2021 due to Islamist militant attacks that killed dozens in Palma.

In October, TotalEnergies lifted force majeure on the project, one of several set to catapult the world's eighth-poorest nation into the top 10 gas exporters by 2040. But to secure its facilities, located on the Afungi Peninsula about 12 miles from Palma, it has moved to "containment mode," working from a giant compound accessible only by sea or air. As activity at the site ramped up in recent months, locals said Palma's fragile economy collapsed as people realized they would not reap the hoped-for benefits. Workers are flown into the plant, while supplies arrive mostly by ship.

This approach has cut off local communities and could fan resentment toward the Western developers and the government, local businessmen, civil society leaders and security analysts said, worsening an insurgency that began in 2017. "Palma has become a desert," Cuna, 59, said in a phone interview. Until recently, some workers and suppliers were based in the former fishing town with palm-fringed beaches, he said, but now they've moved inside the compound. His hotel is empty and taxi drivers wait around with no rides. Total said it is standard procedure to confine workers for security.

Mayor says British Columbia city needs help handling growth

(CBC News; Canada; Nov. 14) - Some local leaders in northwestern British Columbia say Ottawa's decision to fast-track two massive energy projects will boost the region's economy — but they stress that cities like Terrace and Prince Rupert need urgent investments to handle the accompanying growth. Canadian Prime Minister Mark Carney on Nov. 13 announced that Ksi Lisims LNG and the North Coast Transmission Line have been forwarded to the federal Major Projects Office for fast-track consideration.

This means northwestern British Columbia now has four initiatives on the federal priority roster, including an expansion of the Shell-led LNG Canada export terminal in Kitimat and the expansion of the Red Chris copper mine in the northwest interior. The proposed Ksi Lisims LNG export terminal would be powered by the North Coast Transmission Line — a 280-mile power line between Prince George and Terrace.

Terrace Mayor Sean Bujtas said the projects signal enormous potential for northern communities — but the city of about 12,000 cannot be expected to absorb their impacts without long-term help from the provincial and federal governments. "We really are the epicenter of all these new major projects that are happening. ... These projects are

great for the provincial and federal economy — but the City of Terrace does not receive any taxation from any of these projects, yet they receive the burden.” The city, he said, needs sustained funding for housing, transportation, sewer systems and infrastructure.

Ice buildup forces Russia’s Arctic LNG plant to cut back production

(Bloomberg; Nov. 14) - Russia’s sanctioned Arctic LNG 2 plant has started curbing production after reaching records in October, as the buildup of winter ice makes exports more challenging. Liquefied natural gas output at the Novatek-led facility dropped below 350 million cubic feet per day of gas earlier this week, according to a person with knowledge of the matter. That compares with a daily average of 700 million for most of October, which was the highest since Arctic LNG 2 started production in late 2023.

The facility located above the Arctic Circle is key for Russia’s ambition to triple LNG production by the end of the decade. That plan is threatened by international sanctions after the Kremlin’s invasion of Ukraine, yet China’s decision to take more fuel from the blacklisted plant could help revive the goal. Arctic LNG 2 has been supplying its sanctioned cargoes to China since late August. Over that period, the facility has loaded more than a dozen shipments.

The output hike seen in October and early November may have signaled that the plant was maximizing exports before winter navigation challenges. But as ice thickens across the Northern Sea Route, navigation to and from the plant on the Gydan Peninsula is set to become more complicated. Starting Nov. 15, only vessels of Ice3 class or higher, with strengthened hulls, are able to navigate the Arctic waters without an icebreaker escort. The bulk of tankers servicing Arctic LNG 2 are not ice-class. Due to Western energy sanctions, the facility cannot expand its fleet.

Japanese official stops short of endorsing nuclear plant restart

(Bloomberg; Nov. 14) - A Japanese regional governor who holds sway over the fate of the world’s largest nuclear power plant said security measures at the idled facility had improved since his last visit. But Hideyo Hanazumi, governor of Niigata prefecture, stopped short of endorsing the restart of the Kashiwazaki Kariwa facility after a tour of the site on Nov. 14 — his first visit since 2018. He said he would base his decision on whether to support the plant’s relaunch by assessing what he “saw and sensed.”

He said he understood efforts taken by the facility’s owner, Tokyo Electric Power, to implement safety measures at the plant, which was idled after the Fukushima disaster nearly 15 years ago. “Security has become significantly stricter,” Hanazumi was quoted by the Nikkei newspaper. The much-anticipated restart of the Kashiwazaki Kariwa plant would hold enormous significance for Japan, as well as for the utility.

His comments come at a critical juncture for Tokyo Power, which has spent years trying to restart a portion of its only commercially available nuclear plant. It would mark the first time that the power company has operated a nuclear plant since 2011, when it was in charge of the Fukushima Dai-ichi facility that suffered a meltdown after the earthquake and tsunami. Japan once boasted a fleet of 54 nuclear reactors, all of which came offline after the meltdown. Fourteen of 33 commercially available units around the country have since resumed operation after passing stringent regulatory protocols.