

Oil and Gas News Briefs

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Japan's largest nuclear plant wins approval for restart

(Bloomberg; Nov. 20) - The world's largest nuclear power plant has won a long-delayed approval to restart, a watershed moment for Japan and its energy industry after the country witnessed the worst atomic disaster this century. Hideyo Hanazumi, the governor of Niigata prefecture, cleared two reactors at Tokyo Electric's Kashiwazaki Kariwa Nuclear Power Plant. Speaking at a media conference on Nov. 21, he said he would ask the local assembly to decide whether it has confidence in his decision and will allow him to continue in office, a formal step that will confirm the restart.

Nuclear power plants are "a truly serious and heavy issue for local communities," the governor said. "I've spent seven years assessing this. I'd like the local assembly to evaluate my decision." The decision is symbolic for Japan, and the strongest signal yet that the country is re-embracing nuclear power and slashing carbon from its energy mix. KK, as the plant is known, could provide cleaner power to the eastern grid, cutting reliance on imported gas and coal and helping Japan achieve carbon-neutrality goals.

The restart also carries enormous importance for Tokyo Electric, which was the operator of the Fukushima plant when the 2011 meltdown became the worst nuclear disaster since Chernobyl. It continues to pay the price, booking a 903 billion yen (\$5.7 billion) charge for decommissioning efforts this year. More nuclear power for Japan would have an impact on its liquefied natural gas imports. Masanori Odaka, at consultancy Rystad Energy, said a restart of KK's No. 6 unit could reduce LNG demand by roughly 130,000 tonnes a month. That would be more than 2% of Japan's average imports year to date.

New England states launch \$450 million electric heat pumps program

(Maine Morning Star; Nov. 22) - New England winters can get wicked cold. This week, five states launched a \$450 million effort to warm more of the homes in the often-frigid region with energy-efficient, low-emission heat pumps instead of burning fossil fuels. "It's a big deal," said Katie Dykes, commissioner of Connecticut's Department of Energy and Environmental Protection. "It's unprecedented to see five states aligning together on a transformational approach to deploying more-affordable clean-heat options."

The New England Heat Pump Accelerator is a collaboration between Connecticut, Maine, Massachusetts, New Hampshire and Rhode Island. The initiative is funded by the federal Climate Pollution Reduction Grants program, which was created by President Joe Biden's 2022 Inflation Reduction Act. New England is a rich target for

such an effort because of its current dependence on fossil-fuel heating. Natural gas and propane are in wide use, and heating oil is still widespread throughout the region.

The prevalence of oil in particular means there's plenty of room to grow heat-pump adoption, cut emissions and lower energy bills. Heat pumps, however, face barriers of upfront costs, the region's high electricity prices, and misconceptions about heat pumps' ability to work in cold weather. "There's not a full awareness that these cold-temperature heat pumps can handle our winters," said Joseph DeNicola, deputy commissioner of Connecticut's Department of Energy and Environmental Protection. The accelerator aims to speed up adoption by supporting installation of 580,000 residential heat pumps.

Exxon halts Texas project to build clean-hydrogen production facility

(Reuters; Nov. 21) - Exxon Mobil has paused plans to build what would be one of the world's largest hydrogen production facilities due to weak customer demand, CEO Darren Woods said in an interview on Nov. 21. The suspension of the project, which had already experienced delays, reflects a wider slowdown in efforts by oil and gas firms to transition to cleaner-energy sources as many of the initiatives struggle to turn a profit. President Trump had also yanked funding for green initiatives to focus on fossil fuels.

Exxon announced plans in 2022 to build the plant at its refining and chemical complex in Baytown, Texas, with a goal of producing 1 billion cubic feet per day of so-called blue hydrogen, a clean fuel that produces water when burned. But potential customers have held back due to the higher cost of using hydrogen, Woods said, adding that an industrial slowdown and economic uncertainty in Europe have further crimped demand.

"There's been a continued challenge to establish committed customers," Woods said. Hydrogen can be produced from natural gas and Exxon planned to capture the carbon dioxide generated from the process and store it underground. That carries a higher cost than hydrogen produced without containing the CO₂, and not enough customers are willing to pay the premium, Woods said. Exxon and its partners on the facility, including Abu Dhabi National Oil Co., have invested about \$500 million so far into the project that is estimated to cost several billion dollars, he said, declining to give a precise figure.

U.S. shale industry works to boost oil recovery rates

(Bloomberg commentary; Nov. 19) - Even after years of technological breakthroughs, the shale industry still leaves most of the oil underground. At best, U.S. drillers siphon away 10% to 15% of what's potentially available. Until now. The next phase — call it Shale 4.0 — is an engineering arms race to improve the recovery factor. Increasing the ratio even by a single percentage point is a prize worth billions of dollars over the lifetime of thousands of wells in Texas, New Mexico North Dakota and Colorado.

“The best place to find oil is where you already know you've got oil,” Chevron CEO Mike Wirth tells me in an interview in New York. “We know where the oil is. If we left 90% of the oil behind, it would be the first time in history that we didn't figure out how to do it.” If engineers are successful, it would turn shale from a sprinter into a marathon runner, producing a steady flow of barrels far longer into the future than the industry anticipated.

“Improved recoveries is the next thing,” Wirth says. “We're gonna continue to see improvements in drilling efficiency and completion efficiency.” The shale industry has already gone through several chapters. In the beginning, Shale 1.0 was a very inefficient force that required high oil prices to justify the expense. The Saudi-led oil price crash in 2015-2016 forced it to become fitter and faster — Shale 2.0. Still, it relied on higher prices and the generosity of Wall Street, but was able to boost output quickly.

When investors called time on the lack of returns, Shale 3.0 emerged. Gone were the wild days of drill, baby, drill, and in came generous dividends and even share buybacks. Still, each of those iterations left lots of oil behind — hence the impetus for Shale 4.0. The industry will need imagination, time and dollars to deliver that prize. But I wouldn't bet against success. As Kaes Van't Hof, CEO of top shale company Diamondback Energy, put it in a letter to shareholders: “Never underestimate the American engineer.”

West Texas business owners feeling pinch of oil field cutbacks

(Reuters; Nov. 21) - At the heart of the U.S. shale industry in Texas, oil production is climbing. But you wouldn't know that if you talked to Mark Waters, who owns a store that sells tools and safety equipment to oil firms. His small business, Tie Specialties, in Odessa, Texas, saw a 25% drop in oil field sales over the past four to six months. Shelves are stacked with hand tools like wrenches, augers for digging holes, shovels and other tools. Peg boards show off hard hats, gloves, and various colored overalls.

"This is my sixth boom-bust. So I've been around it. I'd call it a slowdown, but everybody that I've talked to says the future is not very bright for the next couple of years," said Waters, 65. U.S. oil output has yet to register the full impact of the downturn. Waters and others who make their living around the oil field are finding it more difficult to turn a profit as crude hovers around \$60 a barrel, signaling bigger economic woes on the way.

The Permian Basin, the largest U.S. oil field, has weathered previous downturns, but President Donald Trump's policies have added to the slide in per-barrel profitability of U.S. producers, already hit by rising output from OPEC+ as well as the biggest wave of consolidation in a generation. Economies of oil-dependent towns such as Midland and Odessa in West Texas are starting to show cracks, with business owners seeing lower sales. Waters is now banking on demand for electrical equipment from the building boom strong in data centers to offset the hit on the oil field services side.

Market watches for impacts from sanctions on Russian oil

(Bloomberg; Nov. 21) - The U.S. jolted energy markets when it announced sanctions on Russia's two biggest oil producers on Oct. 22. All eyes are now on how global oil supply and prices will react after the measures took effect on Nov. 21. India and China are currently the two largest buyers of Russian crude. As of Oct. 24, they were taking nearly 3.6 million barrels per day. After Washington announced the sanctions, Indian refiners signaled they would halt most of their purchases, though so far sales have only slowed.

If India follows through and stops, Russia will struggle to find alternative buyers. It's not clear whether China is willing to buy more. State buyers there have already canceled some purchases. A full boycott of Russian oil by India and China would without question intensify competition for oil from other producing countries, pushing prices up. Oil benchmarks in the Middle East soared the day after the sanctions on Russian producers Rosneft and Lukoil were announced.

It's not clear how China, the world's biggest oil-buying nation and biggest buyer of Russian oil, will respond to the new U.S. sanctions. While ties between Beijing and Moscow are close, it's unclear whether China will want to take on additional Russian oil supplies rejected by India. The country's economy is slowing, its stockpiles of crude are already high and diversity of supply has been a longstanding priority.

Tankers with sanctioned Russian crude stack up at sea

(Wall Street Journal; Nov. 21) - President Donald Trump's turn against Russia's economy is ripping through oil markets. The price of Russian oil is trading at its biggest discount to Brent since 2023. Ships laden with sanctioned crude are adrift at sea. And big importers, such as China and India, are now seeking to buy crude from elsewhere. U.S. sanctions announced last month on Russia's largest oil producers, Lukoil and Rosneft, finally kicked in on Nov. 21. The measures are already starting to reshape global supply lines and test Moscow's ability to sell crude, the lifeblood of its economy.

The price of Russia's flagship oil grade is down around 17% since the U.S. sanctions were announced and as international demand drops. Meanwhile, the price of Brent crude, the global yardstick, edged up. Russian oil has traded at a discount to Brent ever since the 2022 of Ukraine. The widening of the discount reflects buyers' skittishness after U.S. warnings of potential secondary sanctions, which would target those doing business with sanctioned entities. The new measures have also left tens of millions of barrels of sanctioned oil stranded at sea and made shipping oil more expensive.

Total oil on water — including oil in transit and stored in tankers — reached 1.4 billion barrels this week, according to Vortexa, an energy and shipping analytics firm. That's the highest in years and more than three times the current U.S. strategic reserve. About 240 million have built up at sea since the end of August to mid-November, said David

Wech, chief economist at Vortexa. Would-be buyers are wary of taking delivery, at least temporarily. China and India have been big buyers of Russian oil in recent years but the new sanctions are prompting those countries to look at Brazil, Canada and Guyana.

India loads up on Russian oil before U.S. sanctions take effect

(The New York Times; Nov. 20) - The last supertankers filled with Russian oil bound for India left the Black Sea about four weeks ago, racing to reach their destination before Nov. 21, when U.S. sanctions on companies doing business with Russia's two biggest oil firms are scheduled to take effect. The last-minute stockpiling is expected to mark the end of India's three-year buying spree of Russian oil. Since Russia began its war on Ukraine in 2022, Indian companies have snapped up discounted barrels of its crude, capitalizing on depressed prices after restrictions imposed by the European Union.

Muyu Xu, a Singapore-based analyst at Kpler, a company that tracks global trade, said she was expecting "a notable scaling back of Russian crude oil arrivals" in India after Nov. 21. India's intake of Russian crude became a stumbling block in its ongoing trade negotiations with President Donald Trump, who started telling the country to stop buying it over the summer. In August, he stunned India by imposing a special tariff to punish it for buying the oil, effectively doubling the U.S. import duty on Indian goods to 50%, which dealt a crippling blow to a range of industries.

The tariff did little to slow purchases of discounted Russian crude, a trade that had proved lucrative for Indian oil companies, which refined some of the supply for domestic consumption and exported the rest to Europe and elsewhere. In October, Trump took a different tack. The U.S. Treasury said it would start penalizing companies that did business with the two biggest Russian oil firms, Rosneft and Lukoil. While the restrictions were not aimed directly at India, Russian seaborne crude had come to account for as much as 40% of the country's total supply.

Russian oil offered to India at discount of as much as \$7 per barrel

(Bloomberg; Nov. 24) - Russia's flagship Urals crude is being offered to India's refiners at the cheapest price in at least two years after U.S. sanctions on producers Rosneft and Lukoil upended a lucrative trade. The price of Urals for Indian refiners has slipped to a discount of as much as \$7 a barrel to Dated Brent on a delivered basis, according to people familiar with the matter, who asked not to be identified discussing sensitive information. The offer is for cargoes loading in December and arriving in January.

Most Indian refiners have skipped placing orders for Russian crude that would arrive after sanctions on Rosneft and Lukoil took effect last week, all but ending a trade that flourished after Russia's invasion of Ukraine in 2022 as India took advantage of a

steady flow of cheaper oil. In recent days, however, the tone across Indian refiners has changed due to the cheaper Urals prices, with some processors now open to purchasing Russian oil from non-sanctioned sellers, the people said.

Before the sanctions on Rosneft and Lukoil, the discount for Urals was around \$3 a barrel. Since the U.S. sanctions, India's refiners have purchased more crude from other regions including the Middle East.

Libya wants to boost oil output; taking bids on exploration licenses

(Business Insider Africa; Nov. 23) - Libya's National Oil Corp. announced Nov. 20 that it is entering the final stage of its first public exploration bid round since 2007, with companies expected to submit offers and open bids in February. A Tripoli-led delegation has been in Washington this week to drum up interest in the auction of oil exploration licenses. The push underscores Tripoli's efforts to restore investor confidence, raise output and counter growing foreign influence in the divided nation.

Shell, Chevron, TotalEnergies, Eni and Repsol have all been pre-qualified to participate in the upcoming bid round, which spans 22 blocks — 11 offshore and 11 onshore, primarily in the Sirte Basin and parts of the Ghadames and Murzuq basins. Their renewed interest comes after an August agreement granting Exxon Mobil rights to explore for gas off the Libyan coast.

Momentum has grown since July, when Shell and BP confirmed agreements with the national oil company to assess opportunities. Libya aims to increase production from 1.4 million barrels per day to 2 million by 2028-2030, potentially the largest expansion in OPEC+ after the UAE and Iraq. To attract investment, Tripoli is offering new production-sharing deals and has revised its previously stringent fiscal terms. "Terms are more attractive today than historically they have been," Chevron CEO Mike Wirth said.

Total CEO warns Europe not to become too reliant on U.S. LNG

(Bloomberg; Nov. 19) - TotalEnergies CEO Patrick Pouyanne said European nations should avoid becoming too reliant on imports of U.S. liquefied natural gas as they prepare to further trim supplies from Russia. U.S. President Donald Trump "seeks somehow to replace the Russian dependency with an American dependency" as Europe looks to meet its energy needs, Pouyanne said on LCI Television on Nov. 19. The U.S. is "supplying about 40% of Europe in liquefied natural gas and there's pressure from President Trump to increase that share, which is significant."

"If he's pushing to abandon Russian LNG quicker, it's because somewhere he knows that it will boost prices," said Pouyanne. "We must keep the diversity of our supplies."

TotalEnergies is the biggest importer of U.S. LNG to Europe, which has become heavily more reliant on cargoes from global suppliers since Russia throttled gas pipeline flows to the continent following its invasion of Ukraine in early 2022. The European Union recently adopted a new package of sanctions against Russia including a ban on LNG imports from 2027 — when new projects in Qatar and the U.S. are due to come online.

Growth in U.S. LNG exports drives demand for new gas pipelines

(Bloomberg; Nov. 20) - The biggest natural gas pipeline boom in nearly 20 years is unfolding in the U.S. South as companies build systems to feed massive export terminals rising along the Gulf of Mexico. As many as 12 projects to install new pipelines or expand existing ones are on pace to be completed next year in Texas, Louisiana and Oklahoma, according to data compiled by Bloomberg from U.S. Energy Information Administration estimates. It will mark the biggest one-year expansion for Gulf Coast pipelines since the height of the shale gas boom in 2008.

“This is the most activity I’ve seen in my 20 years in the industry,” said Jack Weixel, senior director at East Daley Analytics. While the pipelines were underway long before President Donald Trump began his second term, the sweeping expansion is a key piece of his push to dramatically expand U.S. gas exports and dominate global energy markets. The new systems will also offer relief to drillers in West Texas, where gas production is prolific and pipeline capacity is so tight that companies often pay customers to take the fuel away — or burn it off as waste.

The key driver of the building boom is soaring demand for gas around the globe. The U.S. is the world’s largest producer and exporter of liquefied natural gas, and all those export terminals will need pipelines to bring them the gas. “Pipeline development tends to respond to LNG export capacity — not so much drive it,” said Rohan Nimmagadda, an analyst at energy infrastructure analytics firm Arbo. “The general rule of thumb is the Permian (Basin) needs a mega pipeline every 16 to 18 months,” Amol Wayangankar, founding principal of Enkon Energy Advisors, said in an interview.

U.S. LNG export growth could slow as demand declines in Europe

(Reuters commentary; Nov. 21) - A mix of American ingenuity and political support has propelled the U.S. to be the No. 1 global LNG exporter and promoted a narrative that sales will continue climbing to all markets for years to come. But the heavy skew of sales to Europe leaves U.S. liquefied natural gas at risk of rapid volume downturns as European buyers curb gas use. Further, the U.S. share of exports into the largest region for LNG imports — Asia — is far smaller than rivals Qatar and Australia, which enjoy far more cost-effective shipping times to key markets such as Japan, China and India.

If the U.S. is to cement its role as the preeminent global supplier of LNG, export flows will need to grow sharply in key markets outside of Europe in areas where Qatar, Australia and others are already well established. That heightened competition will severely test the U.S. ability to remain the top global supplier, as it will lead to sharply higher transit costs for U.S. exporters and narrower profits as sellers compete for deals.

European nations have taken two-thirds of U.S. LNG exports this year. And although Europe's LNG import volumes have jumped by 25% in 2025 from last year, Kpler data shows, Europe's total import needs have expanded by only 2% since 2022 as the power sector retooled generation sources away from fossil fuels. With its utilities expected to continue fast-tracking renewables and battery storage going forward, gas demand is likely to decline from the 2030s, resulting in a shrinking market for LNG exporters.

To offset shrinking volumes into Europe, U.S. LNG exporters will have to look farther afield and may have to go head-to-head with other large sellers to grow market share in Asia, which is the top overall LNG buyer. But to sustainably grow volumes into cost-sensitive markets such as China and India, U.S. exporters may need to undercut rivals while also incurring higher transit costs. Overall, it could slow U.S. LNG export growth.

Exxon lifts force majeure on Mozambique LNG; moves closer to FID

(Bloomberg; Nov. 20) - Exxon Mobil lifted a force majeure on its Rovuma liquefied natural gas project in Mozambique as security concerns subside, a key step toward sanctioning the development and committing construction funds. The force majeure was put in place after Islamic State-affiliated militants carried out an attack near its operations in northeastern Mozambique in 2021. Ending the force majeure will allow work to resume and is a crucial step toward Exxon making a final investment decision on the 18-million-tonne-per-year project, which is expected next year.

TotalEnergies, which is building a separate \$20 billion LNG plant nearby, ended its own suspension last month. "We have lifted force majeure for the Rovuma LNG project," an Exxon spokesman said. "We are working with our partners and the government of Mozambique to ensure the safety of our people and facilities, as we look to develop a world-class LNG project that can help drive economic growth."

The Exxon and TotalEnergies projects are expected to be online by the early 2030s — assuming no further delays — and will enable Mozambique to ship gas around the world for decades. They also promise to transform the country's economy, one of the world's poorest, into an energy-export powerhouse. Mozambican President Daniel Chapo is keen to realize those promises and has worked in recent months with Rwandan troops to help secure the Cabo Delgado region. He called the area "relatively stable" in July and urged companies to resume work even if threats remain.

TotalEnergies could face criminal case related to Mozambique LNG

(POLITICO; Nov. 21) - When Patrick Pouyanné decided to spend billions on a giant natural gas field in a faraway war zone, he made the call alone, over a single dinner, with the head of a rival energy company. Pouyanné, the chairman and CEO of what was then called Total, was dining with Vicki Hollub, CEO of Houston-based Occidental Petroleum. It was 2019, and Hollub was in a David and Goliath battle with the behemoth Chevron to buy Anadarko, like Occidental a mid-sized Texan oil and gas explorer.

The American investor Warren Buffett was set to back Hollub with \$10 billion, but it wasn't enough. So Hollub flew to Paris to meet Pouyanné. Hollub's proposal: Would Pouyanné pitch in \$8.8 billion in exchange for Anadarko's four African gas fields, including a vast deep-sea reserve off northern Mozambique, an area in the grip of an Islamist insurgency. The Frenchman, who had previously approached Anadarko about the same assets, said yes in a matter of minutes.

"What are the strengths of Total?" Pouyanné explained to an Atlantic Council event in Washington a few weeks later. "LNG," he said, and the Middle East and Africa, regions where the company has operated since its origin in the colonial era. "So it's just fitting exactly and perfectly." Total could be "so agile," he said, because of the efficacy of his decision-making, and the clarity of his vision to shift from oil to lower-emission gas, extracted from lightly regulated foreign lands.

On Nov. 17, a European human rights NGO filed a criminal complaint with the national counterterrorism prosecutor's office in Paris, accusing TotalEnergies of complicity in war crimes, torture and enforced disappearances, all in northern Mozambique, where the company is developing a multibillion-dollar liquefied natural gas export project that has been delayed by insurgent violence. TotalEnergies has denied the allegations.