Oil and Gas News Briefs
Compiled by Larry Persily
October 13, 2025

LNG may need lower prices to match demand with growing supply

(Bloomberg columnist; Oct. 8) - The conventional wisdom says liquefied natural gas is the future of energy — bridging the gap between the world abandoning fossil fuels and renewable supplies. But that outlook faces a reckoning. LNG is threatened by a pincer movement involving, ironically, the two old and new sources it's supposed to bridge: coal and solar. The cracks in the bridge could not have come at a worse time. The LNG market is about to witness its third big wave of increased supply in 20 years. If demand grows less than expected, the only way the market would rebalance is by lower prices.

On paper, the bridge theory makes sense. LNG is cleaner than coal, so a world worried about the climate crisis would gravitate toward it. And LNG offers flexibility, with gas-fired generators powering up and down to offset the intermittency of solar and wind. But theory doesn't always work in the real world — particularly in Asia, the engine of energy consumption. In Asia, economic development takes priority over the climate change fight. Perhaps lower LNG prices would entice some coal-to-gas switching; I'm skeptical.

Developing countries in Asia aren't burning coal just because the commodity is cheap, but because it's a mined locally, or at least regionally. Against imported LNG, coal provides millions of local jobs in often deprived regions. Look at electricity generation in places such as the Philippines and Vietnam, where coal is on the rise. And above all, look at China, where coal-fired electricity generation hit an all-time high in August.

In addition, the combination of solar and batteries produces far more electricity than many had anticipated a few years ago. A flood of cheap Chinese-made photovoltaic panels — subsidized by cheap coal-fired electricity — is transforming power generation from Pakistan to Vietnam. The biggest hope LNG producers have is low prices.

Abu Dhabi exec says new LNG supply will lead to more demand

(Bloomberg; Oct. 10) - A looming surge in liquefied natural gas supply through the end of the decade is poised to create demand that won't go away, said an Abu Dhabi National Oil Co. natural gas executive. Prices of the fuel are widely expected to drop as a number of LNG projects go online and add supply in the coming years, including ADNOC's plant at Ruwais that will more than double the company's export capacity.

"Historically, lower prices help create new demand," ADNOC Gas Chief Executive Officer Fatema Al Nuaimi said in an interview. "When the price-sensitive markets tap into the LNG market, they don’t go back because they invest in receiving terminals and the system. You create a demand.” LNG suppliers are investing billions in new export terminals in a bet that consumption will rapidly grow across the emerging world, a view shared by the International Energy Agency.

The Paris-based organization foresees record demand for gas next year, especially in price-sensitive Asian markets, as well as in Africa and the Middle East. However, it isn’t guaranteed that price-conscious emerging countries will underpin future consumption. Pakistan, once seen as a fast-growing buyer, is shifting its energy strategy away from LNG due in part to years of the fuel not being competitive and a build-out of solar.

BP wins arbitration case against owner of Louisiana LNG export plant

(Reuters; Oct. 9) - BP has won its arbitration against Venture Global over the supplier's failure to deliver liquefied natural gas under a long-term contract that was due to start in late 2022, Venture Global said on Oct. 9. The International Chamber of Commerce International Court of Arbitration found that Venture Global breached its obligations to declare commercial operations had begun at the Calcasieu Pass plant in Louisiana in a timely manner and act as a "reasonable and prudent operator,” Venture Global reported.

The BP ruling contrasts with a decision in August that saw Venture Global prevail in a similar complaint from Shell. BP is seeking damages of more than $1 billion plus interest, costs and attorneys' fees. "The company is disappointed by the arbitration tribunal’s decision in the proceeding with BP, which it believes contradicts the decisive findings in the prior arbitration involving Shell," Venture Global said in a regulatory filing. Shares of Venture Global were down 10% in after-hours trade.

A separate hearing is expected in 2026 to determine the extent of the damages the company will have to pay BP, and the damages are unlikely to be limited to a cap on how much BP and other customers can claim, as was included in the original sales agreement, Venture Global said. Other companies, including Edison and Galp, have also filed claims against Venture Global, accusing it of richly profiting from the sale of Calcasieu Pass LNG on the higher-priced spot market instead of providing them with fixed-price contracted cargoes they expected from the export facility until April 2025.

Arbitration ruling against U.S. LNG producer adds to concerns

(Reuters commentary; Oct. 10) - Venture Global's loss in a massive arbitration case with BP is a black eye for the wider U.S. LNG industry, whose breakneck growth looks set to contribute to a global supply glut. The case — which turned on how soon after 2022 startup Venture Global began contractual deliveries to BP from its Calcasieu Pass LNG plant in Louisiana — could create headaches for investors. The company, which did not start deliveries until this year, was found to have breached its supply obligations to BP.

BP is seeking damages of more than $1 billion plus interest, costs and attorneys' fees. This case is, of course, specific to one company. But it comes amid growing concerns about the financial viability of other U.S. Gulf Coast LNG projects that are being built or in the planning stages. Shell CEO Wael Sawan last month told an event in New York that "the number of final investment decisions being taken surprises me, if I'm honest, because it's at the higher end of the cost curve ... It's not economically fully rational."

This case could cool enthusiasm among banks and investors backing LNG projects, as well as companies signing supply contracts with new facilities. Besides, the huge volume of LNG that is projected to flood the market over the next few years is expected to far exceed demand growth, according to analysts. This, in turn, will likely lead to lower global LNG prices and possible capacity shutdowns, particularly in the United States, where production costs are higher than in other countries such as Qatar.

China’s oil stockpiling helps to stabilize market

(Reuters commentary; Oct. 10) - Is China's stockpiling of crude oil bearish or bullish for prices? Unfortunately, there is no clearcut answer to the question, as much depends on details that are simply not available, meaning the market has to rely on very limited data, which in turn drives speculation and uncertainty. China does not disclose the volumes of crude it places into strategic and commercial reserves. This means the market is forced to rely on unnamed sources within the Chinese oil sector, but most analysts cite a figure of at least 500,000 barrels per day going into storage.

In effect, China's stockpiling has allowed OPEC+ to unwind their voluntary cuts of about 2.5 million barrels per day without crashing prices. The question then becomes how much more oil China is likely to store in coming years before it reaches its target. There is a wide range of estimates as to how much oil China already has in both strategic and commercial storages, with the low end being 800 million barrels and the high end being around 1.4 billion. There is also considerable speculation as to how much more Chinese authorities want to stockpile, with the high end reaching around 2 billion barrels.

There is no certainty as to when they want to complete this process, but the consensus is by 2028 at the latest. This means that depending on where you actually think their reserves currently are, and where you think they want to end up, there is a wide range of possible outcomes. In effect, China's stockpiling becomes a stabilizing factor for oil prices. China will buy more crude if prices stay relatively low and stable, thus providing a market floor, but will pull back on imports if prices go higher, thus providing a ceiling.

Citigroup report cites gloomy mood in oil market

(Bloomberg; Oct. 9) - The mood in the oil market remains bearish, although there are discrepancies as to how gloomy the prospects are, according to Citigroup's summary of views from clients in North America and Europe. "Conviction differs on the depth of downside," analysts including Francesco Martoccia said in a note. "Some clients doubt a price floor at $60 a barrel for Brent crude oil would be enough to induce a supply-and-demand reaction to balance a global market generally seen heading for surplus."

Oil prices have shed more than 10% this year, with global benchmark Brent posting back-to-back monthly losses in August and September. The weakness has been driven largely by expectations that supplies will run ahead of demand as OPEC+ loosens its curbs on production and rival drillers also step up output. Still, stockpiling by China, however, has acted to support the market.

The Organization of the Petroleum Exporting Countries and its allies endorsed another quota hike last weekend, although the increment — 137,000 barrels a day for November's production — was smaller than some of the sums that had been reported in the run-up to the gathering. "Today's slower non-OPEC+ growth and greater OPEC+ optionality, along with heightened geopolitical risks looming on large producers" such as Russia and Iran, could temper the pace of price adjustment, the analysts said.

Australia's Queensland state decides to keep coal plants open longer

(Bloomberg; Oct. 10) - Queensland, the Australian state that exports about one-eighth of the world's coal, has said it plans to keep its power stations that burn the fossil fuel open for longer, threatening the nation's ambitious goal to more than double renewable generation by the end of the decade. The former government's "ideological decision to close coal units by 2035, regardless of their condition, is officially abolished," Queensland Treasurer David Janetzki said in a statement.

"Queensland's coal-fired fleet is the youngest in the country and state-owned coal generators will continue to operate for as long as they are needed in the system and supported by the market," he said. The move comes as global coal consumption rises to a record year after year, despite efforts to boost renewables and curb emissions. U.S. President Donald Trump has led a push to prop up the industry, while other major polluters such as China and India also continue to dig up more of the dirtiest fossil fuel.

Queensland is pledging A$1.6 billion ($1.1 billion) over the next five years into state-owned coal, hydro and gas power plants to keep the assets open for longer, according to a government energy roadmap released Oct. 10. However, the plan sends "uncertain signals for future investment in Queensland's clean-energy supply" and risks Australia's goal to reduce emissions, said BloombergNEF analyst Sahaj Sood. Queensland has been hard-hit by the effects of climate change in recent years, including more frequent cyclones and floods, along with heat-induced bleaching of the iconic Great Barrier Reef.

California offshore operator wants Trump’s help to restart oil pipeline

(Bloomberg; Oct. 9) - Sable Offshore Corp. is seeking the Trump administration’s help to jumpstart a California oil project that’s awaiting regulatory approval. The Houston-based company’s effort to tap hundreds of millions of barrels of crude off the coast of Santa Barbara have been stymied by state regulators’ opposition to reopening pipelines that funnel the crude to refineries. If state approval isn’t forthcoming soon, Sable is prepared to go all-in on a plan for tankers to haul the oil to other markets, said CEO Jim Flores.

It’s “absolutely on Trump’s agenda,” Flores said in an interview. He urged state leaders to consider the potential impact on consumers and the state’s fuel supplies if that oil goes overseas instead of to local refineries. “California has an opportunity to make sure California consumers come first.” Trump’s National Energy Dominance Council led by Interior Secretary Doug Burgum and Energy Secretary Chris Wright has been apprised of Sable’s dilemma and is engaged in discussions with the company.

The Santa Ynez Unit, as the cluster of offshore oil fields is known, was in a state of suspended animation after a Plains All American pipeline burst in 2015, staining beaches and alarming regulators and environmentalists. Sable acquired the assets from Exxon Mobil last year and restarted oil production on the 10-year anniversary of the spill in May. But the onshore pipe network that feeds crude to refineries hasn’t yet been permitted to reopen. Environmental groups have decried Sable’s pipeline restart plan.

Alberta premier calls for more oil production and pipelines

(CBC News; Canada; Oct. 8) - Alberta's energy minister is being directed by Premier Danielle Smith to boost oil production, defend the province's energy sector and advance major pipeline projects. In a new mandate letter signed Oct. 2, Smith instructed Energy Minister Brian Jean to "secure agreement and approval from the federal government for the construction of a new bitumen pipeline to the northwest coast of British Columbia." At the same time, Jean is expected to be working to advance other projects to the United States, Ontario, Hudson Bay and the Arctic, the letter indicates.

The letter also highlights the need to implement a plan to increase Alberta oil production to 6 million barrels per day by 2030 and 8 million barrels per day by 2035. A report issued Oct. 6 stated that Alberta produced 4.2 million barrels per day in August, which it called the highest output on record for that month. "I think they're very realistic," Jean said about the goals in an interview with CBC. "I don't think the premier would put them in a mandate letter unless she thought we could achieve them."

However, the plan may face political opposition, including environmental concerns and questions about interprovincial cooperation. "I would like to say I was surprised," said Cameron Hunter, of the Alberta Wilderness Association. "But it seems to be, perhaps, what I've been expecting — there's a very heavy focus on industry." Hunter said that while expanding oil production could be realistic from an economic standpoint, doing so would clash with Canada's emissions reduction targets under the Paris Agreement, which aims for a 40% to 45% reduction in greenhouse gas emissions by 2030.

Ukraine may need to spend $2 billion more on gas imports

(Bloomberg; Oct. 9) - Russian strikes in recent days have wiped out more than half of Ukraine's domestic natural gas production, likely forcing the war-battered country to spend 1.9 billion euros ($2.2 billion) on fuel imports to survive the looming winter. Kyiv told its allies earlier this week that a massive Russian barrage targeting the Kharkiv and Poltava regions on Oct. 3 took out roughly 60% of the country's gas production, according to people with knowledge of the matter.

Ukraine's gas infrastructure — able to meet domestic demand before the Russian full-scale invasion — has come under increasingly intensive missile and drone strikes since the beginning of this year. If the strikes continue, Ukraine expects it will need to buy roughly 150 billion cubic feet of gas by the end of March, at a cost of nearly 2 billion euros, according to people familiar with the details. That's the equivalent of nearly 20% of Ukraine's annual consumption.

Since the attacks, Ukraine has made urgent appeals to its Group of Seven partners for equipment to repair its energy system and reiterated long-standing requests for more air defense systems to help protect energy infrastructure. It's also seeking financial support to pay for the needed gas imports. Gas is essential during the often harsh winters in Ukraine, where households rely almost entirely on the fuel for heating. So far this year, Ukraine has purchased 162 bcf of gas from foreign suppliers.

Ukrainian attacks on Russia's refinery capacity making a difference

(Wall Street Journal commentary; Oct. 9) - Ukrainian President Volodymyr Zelensky has labeled his military's strikes on Russia's oil infrastructure "the most effective sanctions." Meanwhile, Washington plans to share additional intelligence with Ukraine on Russian refineries, pipelines and other energy infrastructure. President Vladimir Putin relies heavily on corruption and patronage, with oil and gas serving as key revenue streams. Disrupting the flow could force Putin to choose between sustaining the war and maintaining the payouts to oligarchs and citizens that secure his political backing.

Russia is rich in natural resources and holds a significant manpower advantage over Ukraine. To use either its resources or its manpower in the war, Moscow needs petroleum products. Beyond lines of cars and trucks waiting for fuel, broader effects are slowly manifesting in economic data and social media. Between 25% and 38% of Russian oil-refining capacity is offline, and that percentage is ticking upward. Attacks on Russia's rail networks are exacerbating this problem.

Russia can absorb some reduction in refining capacity. It could import fuel and reduce fuel for personal vehicles. Still, Russia doesn't have a 25% to 38% buffer to insulate it from the steep reduction in refining capacity. That means there isn't enough fuel to meet industry and military needs. The consequences will grow, and Putin could be forced to choose war-materials production or the commerce demands of Russia's oligarchs. Without reliable supplies, the military will become less mobile and create opportunities for incremental Ukrainian victories. The Russian bear is slowly being starved.

Egypt wants to postpone LNG deliveries due to weaker demand

(Bloomberg; Oct. 9) - Egypt is asking its liquefied natural gas suppliers to delay shipments scheduled for the rest of the year on weaker-than-expected demand. State-owned importer Egyptian Natural Gas has asked suppliers to defer at least 20 shipments slated for delivery through December, according to people with knowledge of the matter. The cargoes will be rescheduled for delivery in the first quarter of 2026.

The request comes as Egypt, which only became a net importer of the fuel in 2024 and more than doubled the amount of LNG it bought this year, struggles to assess its demand. The nation purchased a large volume of shipments earlier in 2025, with some of the deals having an element of flexibility. Weaker imports into Egypt will help to free up supply for buyers in Europe, who have been forced to procure more LNG to replace Russian pipeline gas. This could help push down prices of the fuel.

Aramco puts chemical plant expansions on hold to conserve money

(Bloomberg; Oct. 9) - Saudi Aramco has put three chemicals expansion projects on hold as weaker oil prices squeeze its domestic spending and it prioritizes international investments, according to people familiar with the situation. The company is delaying the start of major engineering and design work on the facilities, according to sources who asked not to be named. The deferrals are to spread out spending at a time of low oil prices and other more immediate demands for cash, one of the sources said.

The delays are the latest example of Saudi Arabia slowing spending on long-term projects as vast investment plans aimed at transforming the economy and low oil prices squeeze the kingdom's finances. The pressure has forced the government and Aramco to ramp up borrowings, with the company flipping into a net debt position last year. Oil prices in London have dropped about 12% this year to below $66 a barrel — far short of the $94 that Bloomberg Economics estimates the kingdom needs to balance its budget.

Aramco has reported 10 straight quarters of lower profit. The company is holding back two joint-venture projects at Yanbu on Saudi Arabia's western Red Sea coast and a facility at Jubail on the Persian Gulf coast. Aramco had previously shelved a venture with chemicals producer Saudi Basic Industries to build a new crude-conversion project at Ras Al Khair on the Persian Gulf. Aramco is prioritizing investment in international refining and chemical facilities, in part because those are more advanced, but also as they are located near big demand centers in China and South Korea.

China imposes retaliatory levies on U.S. ships, including oil tankers

(Bloomberg; Oct. 10) - Some China-bound ships carrying oil and other commodities to Asia's top consumer are facing cancellations following Beijing's retaliatory levies on U.S. vessels, sending ripples through the global logistics sector. A handful of oil tankers had bookings to deliver cargoes to Chinese ports canceled Oct. 10, said several officials involved in the market who asked not to be identified discussing private information, after the world's largest oil importer announced it would place charges on U.S. vessels.

China announced Oct. 10 that it would impose fees on U.S. ships in retaliation for similar measures due to be imposed by the Trump administration next week that are aimed at kick-starting America's shipbuilding industry. China's new levies would begin at 400 yuan ($56) per ton, translating to about $6.2 million in additional fees for a giant supertanker per port visit, according to calculations by Bloomberg. The levies on such vessels, which are capable of hauling two million barrels of crude, are threatening to add a significant cost to a key global oil trade.

If American entities directly or indirectly hold 25% or more of the equity in terms of voting rights or board seats of the companies operating vessels, they will be considered American. The levies take effect from Oct. 14, mirroring those implemented by Washington on Chinese vessels, and will increase each year, climbing almost threefold by April 2028. While many of the world's biggest oil tanker operators are based outside of the U.S., several have U.S. listings and major U.S. shareholders.

U.S. trade office eases rules on foreign-made LNG carriers

(Reuters; Oct. 10) - The U.S. Trade Representative's office said on Oct. 11 that it would modify maritime-related fees for foreign-built vehicle carriers and liquefied natural gas vessels that call on U.S. ports. The fees were slated to go into effect next week. The office said that fees on operators of foreign-built vehicle carriers would be $46 per net ton, effective on Oct. 14. That is below the $150 proposed in April, seen by the industry as prohibitive, but well above an adjusted fee of $14 per net ton proposed on June 12.

The USTR also is eliminating, retroactive to April 17, a rule permitting the suspension of U.S. LNG export licenses if certain restrictions on the use of foreign-built vessels were not met. And it added a carve-out from fees for certain ethane and liquefied petroleum gas carriers under long-term charters. The agency in February proposed the actions to counter China's rising maritime dominance and to restore American shipbuilding. But its original proposals were largely watered down amid pressure from industry, which called them overly punitive and said they would have stifled a U.S. shipbuilding revival.

The rescinded provision would have allowed the U.S. to suspend LNG export licenses for companies that failed to meet requirements for shipping fuel on U.S.-built LNG tankers starting in the second half of the decade. American LNG companies warned that existing shipbuilding capacity in the U.S. is not equipped to churn out specialized LNG tankers, which are mainly built in South Korea and Japan.