Oil and Gas News Briefs
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Analysts forecast oversupply will push oil into the high $50s next year

(Bloomberg; Oct. 1) - Oil is forecast to drop into the high $50s in the coming quarters on expectations of "punishing oversupply" as output expands, according to Macquarie Group, which pared back its price outlooks. Given supply growth from OPEC+, as well as from outside the group, "as a base expectation, this sets up for punishing oversupply" to year-end and in the first-quarter 2026, they said in a quarterly outlook.

Global oil benchmark Brent has dropped about 11% this year, including a back-to-back monthly drop in September, as OPEC+ rapidly boosted supply in a bid to recapture market share. The alliance is due to meet this weekend to decide on output levels for November, including possibly fast-tracking more hikes with three monthly installments of about 500,000 barrels a day, a delegate said. OPEC said there was no such plan.

"While Saudi Arabia has shown no sign of relenting in its return of supply, absent such a reversal, we would expect the market to find itself in a 'lower-for-longer' environment," said the analysts at Macquarie, a global investment and advisory firm. "Ultimately, we believe some combination of lower prices (slowing non-OPEC supply), supply disruptions, OPEC policy changes, and time (allowing demand growth to chew into oversupply) will be required to return this market to balance."

Among outlooks, West Texas Intermediate was expected to average about $57 a barrel next year, down from an earlier forecast of about $60, the analysts said. Brent is seen at $57 a barrel in the first quarter of next year, and $59 in the second, according to the report. Macquarie projected a global surplus of 4.63 million barrels a day in the first quarter of next year, followed by smaller surpluses in each of the next three quarters.

OPEC+ may increase oil production even more in November

(Reuters; Sept. 30) - OPEC+ may speed up production increases in November from the 137,000-barrel-per-day hike it made for October at its meeting on Sept. 28 as its leader Saudi Arabia pushes to regain more market share, three sources familiar with the talks said. The group has made no final decision yet and member Russia could oppose a larger increase because it is unable to raise output owing to Western sanctions and is worried about weakening seasonal demand, one of the three sources said.

Eight members of OPEC+ could agree to raise production in November by 274,000 to 411,000 barrels per day, or two or three times higher than the October increase, two of the three sources said. OPEC+ pumps about half of the world's oil. The increase could be as big as 500,000, one of the three sources said. OPEC in a post on X said it rejected media reports for plans to raise output by 500,000 barrels per day, calling them inaccurate and misleading.

OPEC+ in April reversed its strategy of output cuts and has already raised quotas by more than 2.5 million barrels per day, or about 2.4% of world demand, to boost market share and following pressure from U.S. President Donald Trump to lower oil prices. The group has raised output in monthly chunks ranging from as little as 137,000 to as much as 548,000 barrels per day. Eight OPEC+ countries will hold an online meeting on Oct. 5 to decide on November output.

Exxon joins the ranks of oil and gas companies cutting jobs

(The Wall Street Journal; Sept. 30) - Exxon Mobil is cutting 2,000 jobs worldwide, it said Sept. 30, in the oil industry’s latest mass layoff as companies adapt to anemic oil prices and get more efficient at extracting fossil fuels. The oil giant’s layoffs, amounting to about 3% of its global workforce, culminate a yearslong push to consolidate offices and thin its ranks as it targets billions of dollars in annual structural costs. Exxon’s head count fell about 19% to 61,000 between the end of 2014 and the end of last year.

ConocoPhillips, BP and Chevron earlier this year all announced layoffs that will cut thousands of jobs. The companies have said they expect the moves to yield billions of dollars in savings. Notably, the reductions aren’t expected to affect the volumes of oil and gas that the companies produce. The job-shedding will further shrink the industry’s rank and file after a yearslong diet of layoffs, attrition and corporate restructuring that has made Big Oil much leaner.

Between the end of 2014 and the end of last year, Chevron’s workforce shrunk by more than 26% to about 45,000 employees. Over the same period, ConocoPhillips reduced total head count by about 38% to around 11,800. All told, the number of U.S. workers in oil-and-gas extraction has dropped by nearly 80,000 since 2015, according to the Bureau of Labor Statistics. Meanwhile, U.S. oil production has climbed 45% to a record of 13.6 million barrels a day over that same time, according to the Energy Department.

Canada’s Imperial Oil will cut staff 20% by 2027

(Reuters; Sept. 29) - Canada's Imperial Oil said on Sept. 29 it would cut its workforce by about 20% by the end of 2027, part of a major restructuring that would eventually shutter most of its presence in the oil-and-gas city of Calgary, Alberta. Imperial Oil is majority owned by top U.S. oil producer Exxon Mobil, and it had about 5,100 employees as of the end of 2024, according to a regulatory filing.

The planned layoffs come as global crude prices have slumped this year due to increased output from the OPEC+ group of oil producers and trade policy uncertainty. U.S. oil producers and services firms including ConocoPhillips have also announced job cuts. Imperial said it expects an annual cost reduction of C$150 million ($107.81 million) by 2028 as a result of the restructuring, which it said would also involve leveraging the company's relationship with Exxon and maximizing the use of technology.

After the layoffs are complete, the majority of remaining positions currently at Imperial's Calgary head office will be relocated in the second half of 2028 to its Strathcona refinery near Edmonton, Alberta, an Imperial spokesperson said. The company plans to maintain only a small presence in Calgary, the spokesperson said, with the restructure designed in part to consolidate more activities at its operating sites. The oil and gas producer is also Canada's largest petroleum refiner, with two refineries in Ontario in addition to Strathcona near Edmonton.

Oil and gas stocks were cheap when they were unpopular

(Bloomberg commentary; Sept. 28) – It’s true that the rise of environmental, social and governance concerns made oil, gas and coal almost un-investable. But, even truer, it drove valuations to bargain levels and imposed cost discipline and focus on shareholder returns that are funding today’s dividends. For the brave, Big Oil’s time in investment purgatory offered a once-in-a-lifetime buying opportunity. At one point, Exxon Mobil, the world’s largest international oil company, traded below the value of its assets.

Trading at depressed values, the industry slashed capital investment. Instead of spending money on new projects, companies channeled cash into dividends and share buybacks, as well as paying down debt. The effects of that straitjacket would show up over time in lower output growth and higher prices — great news for investors who kept the faith with Big Oil by presaging higher oil prices on the horizon. Now, companies that once focused on burnishing their ESG credentials are abandoning those efforts.

Anecdotally at least, mainstream U.S. investors are making a tentative return to oil and gas, even coal. Still, die-hard fossil fuel enthusiasts who had the industry to themselves for several years are fearful about what comes next: higher stock valuations and, over time, a loss of financial discipline. For now, lower oil and gas prices are keeping companies focused on cutting costs. But in a cyclical business, it’s only a matter of time before prices recover and companies don’t feel pressure anymore. ESG was terrible for the fossil fuel industry, but it was great for investors brave enough to go against the tide.

War and sanctions take toll on Russia’s oil future

(Wall Street Journal; Sept. 27) - Russia has powered its war in Ukraine by keeping its oil flowing. Now, after more than 3½ years of conflict, the gusher is slowly starting to peter out. The toll of the war and Western sanctions have made extracting oil out of Russia’s already shrinking reservoirs harder. Some projections point to at least around a 10% drop in output by the end of the decade, putting the Kremlin’s economy — and the petrodollars it is built on — in peril.

Since the start of the war in Ukraine, Moscow has kept oil production and exports relatively stable by focusing on the maintenance of existing fields rather than the exploration of new ones. But the longer-term outlook is bleak. Up to one-third of Russia’s budget revenue comes from the profits of the energy sector and that proportion is likely to shrink as production slows. Even before the war, many of Russia’s Soviet-era fields, mainly in Western Siberia and the Volga-Urals region, were starting to run low, leaving companies to turn to the harder-to-recover crude in its Arctic and Siberian fields.

To improve their odds, Russian majors planned to tap shale formations in Siberia using techniques developed in Texas and North Dakota — but the war prevented them. Sanctions prohibited access to the necessary extraction technology and the government raised taxes on oil companies to shore up its war effort. Workers were enticed to the front by lucrative packages for soldiers, while others of fighting age have died in battle or left the country, all factors creating shortages of skilled specialists in the industry.

Russia’s seaborne oil exports highest since May 2024

(Bloomberg; Sept. 30) - Russia’s seaborne crude exports reached a 16-month high in the past four weeks, with U.S. President Donald Trump so far failing to convince remaining buyers to ditch Moscow’s oil. Four-week average shipments from the country’s ports were 3.62 million barrels a day up to Sept. 28, according to vessel-tracking data compiled by Bloomberg, matching the highest since May 2024. The average provides a clearer picture of underlying trends than volatile weekly figures.

The recent surge in shipments has come despite pressure from Trump on buyers including India, Turkey, Hungary and Slovakia to halt purchases. Even after months of pressure, India shows no sign of cutting back, with officials telling Washington that a significant reduction in imports of Russian oil would necessitate replacement flows from sanctioned suppliers Iran and Venezuela.

China, the biggest overseas buyer of Russian oil, has said that it’s keen to deepen its energy ties with Moscow, rather than reduce them. Beijing’s Ministry of Commerce said earlier this month that it will defend its interests after the U.S. urged the G-7 to impose up to 100% tariffs on the Asian country. In August, India was hit with an additional 25% tariff on its exports to the U.S. in a bid to persuade it to stop buying Moscow’s oil.

Russia’s Arctic LNG plant at highest production level since startup

(Bloomberg; Oct. 1) - Russia’s sanctioned Arctic LNG 2 plant increased gas production to record levels in September as its cargoes appear to find buyers in China. LNG output at the Novatek-led facility averaged 630 million cubic feet of gas per day during most of September, according to a person with knowledge of the matter. That’s the highest daily average since the facility was launched in December 2023 and a 14% increase from August levels, the previous high.

Increased output meant the plant was able to load cargoes and ship them to China. Since late August, seven tankers carrying LNG from the sanctioned facility stopped at a state-run terminal in China, with another vessel nearing southern China, according to ship-tracking data compiled by Bloomberg. The plant is key for Russia’s ambition to triple LNG production by the end of the decade. While those plans were squeezed by international restrictions after the Kremlin’s invasion of Ukraine, China’s decision to take more Russian gas amid a confrontation with the U.S. could revive those goals.

In the near term, as the weather turns colder, Arctic LNG 2 may struggle to keep production at current levels as a shortage of ice-class tankers could limit eastbound navigation through Russia’s Northern Sea Route. Last year, the facility stopped liquefying gas in October and reduced production at its fields to nearly zero the following month. Still, the trend marks a turnaround, with sanctioned cargoes from Arctic LNG 2 struggling to find buyers for more than 1 1/2 years.

China’s LNG imports in September down 22% from a year ago

(Bloomberg; Sept. 29) - China’s imports of liquefied natural gas in September are poised to drop more than 20% from a year ago, extending a slump in purchases as domestic supplies and pipeline flows remain robust. The nation is expected to import 5.4 million tonnes of LNG in September, according to Kpler, an analytics firm that tracks shipping data to make forecasts. That would be 22% lower than Chinese customs figures reported a year ago, and would be the 11th month of year-on-year declines.

China has seen a year of soft demand as the nation’s domestic gas output picks up, and pipelines from Central Asia and Russia remain active. Domestic gas production is up about 6.1% through August on an annual basis, according to data from the National Bureau of Statistics. Not needing as much imported LNG at home and higher international spot prices, coupled with weaker domestic demand, have prompted the nation’s importers to resell LNG cargoes to take advantage of better prices elsewhere. Hot summer weather has also eased in China, reducing the need for spot shipments.

While sluggish Chinese consumption may provide relief for LNG competitors in Europe, it raises concerns about a glut later in the decade as new export projects come online, particularly in Qatar and the U.S. China also recently agreed to a preliminary pact to expand its gas flows from Russia with the construction of a new pipeline by the next decade, which could further squeeze its LNG imports.

TotalEnergies CEO says construction will restart at Mozambique LNG

(Bloomberg; Sept. 29) – TotalEnergies and its partners are poised to restart construction of a giant liquefied natural gas project in Mozambique as the security situation in the region has improved, the CEO of the French energy company said. Mozambique LNG, previously estimated at $20 billion, is seen as crucial to the future development of the southern African nation, which ranks among the world's poorest. The project was halted four years ago due to Islamic State-linked militant attacks in the area.

"Everything is ready, in fact we are remobilizing on the ground," TotalEnergies CEO Patrick Pouyanne told investors Sept. 29 in New York. He said the project's owners and the Mozambique government still need to approve an updated development plan and budget to account for the impact of the force majeure, which remains in place. "That is currently being assessed and we'll move I think very quickly," Pouyanne said, adding that Mozambique LNG operations should start in 2029. The onshore terminal, planned for 13 million tonnes per day of production, would handle gas from offshore fields.

Shell CEO is surprised so many LNG projects get go-ahead

(Bloomberg; Sept. 29) - Shell Chief Executive Officer Wael Sawan said the number of new liquefied natural gas projects moving forward was surprising given their high costs, underscoring the fuel's long-term role in the global energy transition. "There is a significant amount of capacity being built at the moment, including here in the U.S.," Sawan said at an event hosted by the Economic Club of New York on Sept. 29.

"The number of final investment decisions being taken surprises me, if I am honest, because it's at the higher end of the cost curve. Yet those capacities continue to come in." Shell, one of the world's largest LNG suppliers, has long touted gas as a bridge fuel in the energy transition, and invested billions in expanding the business. Global LNG production capacity is set to rise by about 50% by 2030 — the biggest build-out in the industry's history — which will likely plunge the market into an oversupply.

Yet developers continue to approve projects. So far this year, a record 55 million tonnes of annual capacity from the U.S. reached final investment decisions, according to Greg Molnar, a gas analyst at the International Energy Agency. That's roughly half the current capacity for the U.S., the world's largest exporter. Sawan said he expects Shell's growing LNG trade to be the company's biggest contribution to the energy sector over the next decade, particularly as developing nations swap coal for gas to cut emissions.

EU methane regulations create uncertainty for U.S. LNG producers

(S&P Global; Sept. 30) – European Union officials are sticking by a first-of-its-kind methane emissions regulation on imported fuels, despite pushback from the Trump administration. As the trading partners spar over the rules, the U.S. natural gas industry faces significant uncertainty about what U.S. LNG sellers and buyers of the fuel will need to do to comply. The White House has taken steps away from emissions tracking domestically, focusing instead on expanding U.S. LNG exports and easing oversight.

At the same time, buyers continue to express a desire for cleaner supply, and available data keeps improving. How the European methane rules get refined and implemented will carry implications for the future of U.S. LNG flows to Europe and for emissions reporting. The regulation aims to reduce energy-sector methane emissions in Europe and across its global supply chains. But the European Commission has yet to define details about what will be required under the law ahead of a key compliance deadline.

Starting Jan. 1, 2027, the regulation will require importers of LNG into the EU to prove their gas meets the same monitoring, reporting and verification standards imposed on EU producers — or face penalties. "That's where this gets difficult, because it's no longer an option," said Max Mucenic, an analyst for the Center of Emissions Excellence at S&P Global Commodity Insights. The requirement to provide data "at the level of the producer" could be particularly challenging for U.S. LNG exporters. Unlike most of the rest of the world, U.S. export facilities source gas from a vast pipeline network. Supplies are commingled, including gas from multiple production basins.

Russia’s gas sales to China will be less profitable than to Europe

(Bloomberg; Sept. 29) - Russia expects its natural gas sales to China to be less lucrative than westbound exports, underscoring the downside to the Kremlin’s growing reliance on the Asian nation. Gas prices for China are expected to be at least 27% lower than for shipments going to Turkey and its few remaining clients in Europe over the next three years, according to an Economy Ministry outlook submitted alongside the draft budget to the State Duma on Sept. 29. For 2025, the price gap is even wider, at 38%.

The forecasts show how the pivot to China hasn’t offset the loss of most of Moscow’s European gas markets since its full-scale invasion of Ukraine in 2022. Westbound pipeline flows were once the single-biggest source of revenue for Gazprom. Now, with a new massive pipeline deal secured earlier this month, the Russian gas giant is more reliant on China than ever. Prices for China are “objectively lower” than for Europe because gas fields feeding the Asian route are closer to the customer, Gazprom Chief Executive Officer Alexey Miller said earlier this month, as reported by Interfax.

This year, the price of exports to China is estimated at about $7.05 per thousand cubic feet, compared with about $11.38 for flows to western markets, excluding former Soviet states, according to the Economy Ministry’s base-case scenario. Shipments to China via the Power of Siberia line are expected to rise by over a fifth in 2025 compared with last year, as the pipe reaches its design capacity. Gazprom’s recent breakthrough in China was an agreement to build the Power of Siberia 2, a pipeline via Mongolia that could allow the Russian producer to ship as much as 1.7 trillion cubic feet a year for 30 years.

Exxon Mobil sees opportunity to sell LNG to South Africa

(Reuters; Sept. 30) - Exxon Mobil is eyeing projects in South Africa which it views as a top destination for liquefied natural gas, a senior gas executive said at an African energy conference in Cape Town on Sept. 30. The U.S. is the world's top natural gas producer and the largest LNG exporter and could entrench its dominance with several new projects coming online, which could exacerbate a worldwide gas glut by 2030.

"We’ve identified South Africa as one of the most top priority markets to seed long-term LNG sales into the country," said Shahrukh Mirza, Exxon Mobil's vice president of LNG market development and origination. Studies by the U.S. oil major suggested South Africa would need anywhere between 6 gigawatts and 7 gigawatts of new gas-fired power plants, Mirza said, as the country moves away from coal-fired power plants to cleaner forms of energy, including wind and solar power.

In May, South Africa offered to buy LNG worth billions of dollars from the U.S. over a 10-year period as part of proposals to secure a new trade deal. However, after several unsuccessful attempts at a trade agreement, U.S. President Donald Trump in August imposed a 30% tariff on imports from Africa's most developed economy. Exxon Mobil affiliates previously signed a memorandum of understanding with Dutch firm Royal Vopak to collaborate on a feasibility study to assess the commercial and technical aspects of an LNG import terminal in South Africa.

Exxon asks for LNG project security assurances from Mozambique

(Reuters; Sept. 30) - ExxonMobil’s CEO Darren Woods sought assurances from Mozambique President Daniel Chapo last week about security for a proposed $30 billion liquefied natural gas export terminal in the country ahead of a decision to greenlight the project, the Financial Times reported on Sept. 30. Woods raised concerns about the dangers posed by a jihadist insurgency in Mozambique’s northeastern Cabo Delgado region, where Exxon is planning to build Africa’s largest LNG facility, the report said, citing sources with knowledge of the talks.

Islamic State-linked militants launched an insurgency in the northern gas-rich province in 2017, killing thousands of civilians, destroying livelihoods and displacing hundreds of thousands, aid agencies say. The insurgency also disrupted work at an LNG project led by TotalEnergies, which is now looking to resume construction later this year. Total had halted work on the project and declared force majeure in 2021 after insurgents attacked the northern town of Palma, a logistics hub near the site.

Malaysia’s Petronas sells down its stake in LNG Canada

(Reuters; Sept. 30) - Liquefied natural gas company MidOcean, backed by private-equity investor EIG and Saudi Aramco, has agreed to buy a fifth of the Petronas venture that holds a 25% stake in the Shell-led LNG Canada export project, MidOcean said on Sept. 29. The deal also includes a fifth of Malaysian state energy group Petronas's Canadian upstream assets in the Montney shale gas region that feeds into LNG Canada. MidOcean declined to comment on the price of the transaction, but a person familiar with the situation put it at a little more than $3 billion.

LNG Canada shipped its first cargo in June, opening the first direct route for LNG from North America's Pacific coast to a huge market of buyers in Asia. Once at full capacity, LNG Canada is set to export 14 million tonnes a year. The owners are working on plans to double the project's capacity. Shell owns 40% of LNG Canada, PetroChina 15%, Mitsubishi 15% and Korean Gas 5%. LNG Canada cost about C$40 billion ($29 billion) to construct, the Canadian government has said.

MidOcean is private-equity firm EIG's LNG investment vehicle. Saudi Aramco, which is seeking to strengthen its position in the LNG market, and Mitsubishi both bought into MidOcean in the past couple years. MidOcean owns stakes in LNG projects in Australia and Peru and is in talks to join the Lake Charles LNG project in the Gulf of Mexico, MidOcean's website says.

Chinese port will restrict aging tankers often used to move Iranian oil

(Bloomberg; Sept. 28) - Some terminal operators at China’s Qingdao Port, which handles around one-sixth of the country’s crude intake, will impose new restrictions on old tankers — a move widely seen as targeting vessels that carry sanctioned oil from Iran and other sensitive suppliers. Measures include a ban on tankers that are 31 years or older from berthing, along with ships that have altered their International Maritime Organization identities or have invalid certifications, according to a notice seen by Bloomberg News. The actions will take effect from Nov. 1.

The restrictions come after the U.S. sanctioned an oil operator located in Qingdao’s Dongjiakou port area in August, saying it had received Iranian crude that had been transported by a vessel under Washington’s sanctions. That fueled concerns tougher

penalties could further disrupt China’s crude imports. Beijing diplomats have pushed back against the measures.
The latest notice was signed off by four operators at the Huangdao Port, which is part of the larger Qingdao port. Once rejected by the port operators, a ship is not allowed to berth in the area for one year. Other ships calling at the port in Shandong province will be also subjected to a scoring system that rates vessels by their risk profile, based on factors such as age and pollution liability coverage. Tankers with a low score could be barred from berthing. The Qingdao port is a large hub for Iranian oil, with the port taking in about 300,000 barrels a day of crude from the Mideast nation so far this year.

California offshore producer may give up on pipeline and use a ship

(The Los Angeles Times; Sept. 30) - Facing mounting legal troubles and regulatory hurdles, the Texas-based firm trying to restart offshore oil production along Santa Barbara’s coast is now considering a plan that would keep its controversial project entirely in federal waters — a move that appears to avoid further California oversight. Sable Offshore Corp. announced Sept. 29 that it has started to pursue an option that would utilize an “offshore floating and treatment vessel” to treat and transport crude oil, instead of relying on a network of pipelines for which the company still needs approvals.

The pivot would mark a major shift in Sable’s push to bring the pipelines back online to deliver the offshore crude to onshore refineries. The lines have sat idle since 2015, when a corroded section ruptured near Refugio State Beach, creating one of the state’s worst oil spills. State officials and local environmentalists have repeatedly raised concerns about the pipes’ capacity to run safely, as well as the process the company has taken to try to fast-track their revitalization over the past year.

Sable’s announcement comes a week after county prosecutors filed criminal charges against the company, alleging it knowingly violated state environmental laws while completing pipeline repairs, and months after the California Coastal Commission found that the company failed to adhere to the state’s Coastal Act despite repeated warnings, and fined it $18 million. Sable continues to contend it has met all legal requirements. Both issues are in court. Sable notes that use of a floating treatment vessel would dramatically extend the project’s timeline and likely increase costs for the company.