

Oil and Gas News Briefs

Compiled by Larry Persily

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Demand spurs natural gas drilling boom in British Columbia

(Bloomberg; Oct. 8) - Stretching from the ice-capped Canadian Rockies to the island-studded coastline, British Columbia has been long renowned as an outdoorsman's paradise. Canada's westernmost province is home to vast temperate rainforests, popular ski resorts and cold Pacific waters teeming with salmon. These days, tourists driving deep into northeastern British Columbia are often sharing the road with a seemingly out-of-place group: natural gas drillers on their way to work.

The forested province is quickly transforming into a hydrocarbon powerhouse, thanks to the world's demand for natural gas. Long a minor player in the global energy trade, British Columbia is expected to hit 10.6 billion cubic feet a day of gas production by 2030, according to an estimate from Martin King, RBN Energy's managing director of North America market analysis. That's a 41% increase from current levels and would put the province ahead of energy giants such as Algeria, Turkmenistan and the UAE.

By 2031, King said, British Columbia's gas output will match (then surpass in a few years) that of neighboring Alberta, long Canada's leading energy producer. In total, 651 gas wells were approved by B.C. regulators in the first half of this year, the most for a half-year period since 2008, government data show. Two hundred more were given the go-ahead in the months since. Demand for gas and the recent startup of a liquefied natural gas export plant on the coast, led by Shell, are underpinning the drilling boom. And more export facilities are on their way, driving demand for more gas production.

For decades, British Columbia's policy guardrails and environmental standards — both on emissions and on consulting the region's Indigenous groups — kept drilling in check. But the world wants more of the fuel, and the province could use the money. In addition, the advent of hydraulic fracturing over 20 years ago made hard-to-reach gas deposits more accessible. British Columbia's gas is mostly trapped in the tight siltstone of the Montney Formation, which covers 50,000 square miles along the border with Alberta.

U.S. to hit new records for gas production, consumption, export

(Reuters; Oct. 7) - U.S. natural gas output and demand will both rise to record highs in 2025, the U.S. Energy Information Administration said in its Short-Term Energy Outlook on Oct. 7. EIA projected that dry gas production will climb from 103.2 billion cubic feet per day in 2024 to 107.1 bcf per day in 2025 and 107.4 bcf in 2026. That compares with a record 103.6 bcf per day in 2023.

The agency also projected that domestic gas consumption will rise from a record 90.5 bcf per day in 2024 to 91.6 bcf in 2025 and 2026. The agency forecast that average U.S. liquefied natural gas exports would rise to 14.7 bcf per day in 2025 and 16.3 bcf per day in 2026, up from a record 11.9 bcf in 2024.

With power generators expected to burn more coal this year than in 2024, the EIA projected U.S. coal production would rise from 512.1 million short tons in 2024, the lowest since 1964, to 531.3 million tons in 2025 before falling to 493.6 million tons in 2026, the lowest since 1963.

Golden Pass LNG nears startup in Texas

(Bloomberg; Oct. 8) - The Golden Pass liquefied natural gas project in Texas, co-owned by QatarEnergy and Exxon Mobil, is preparing to cool key equipment as it nears startup after months of delay. The facility purchased a cool-down cargo for delivery in October or November, sources said. Gas needs to be cooled to minus 260 degrees Fahrenheit to liquefy, and LNG export terminals typically import a shipment before starting operations to run through the pipes and tanks to lower the temperature at the facility.

The timing to begin production at the plant — one of the biggest to come online and heralding a wave of new LNG supply — has been closely watched after being pushed back last year. The startup, which will cement the U.S. as the world's largest LNG exporter, will also help to lower prices in Europe and Asia. A Golden Pass spokesperson said the facility has moved into commissioning and startup activities for Train 1 and expects to receive the cool-down cargo in the fourth quarter of this year.

The Golden Pass facility, previously only an import terminal, will have the capacity to export about 18 million tonnes of LNG a year. Construction on the export infrastructure began in 2019, with an initial startup goal of 2024. Supply delays and a contractor bankruptcy pushed the project past its original timeline.

Shortage of gas turbines threatens LNG demand

(Bloomberg; Oct. 7) - Developing countries in Asia were supposed to soak up a record wave of new liquefied natural gas supply, but a shortage of power-station equipment is threatening that assumption. The situation is perhaps most apparent in Vietnam, oft touted as a bright spot for LNG. The country wants to build at least 22 gas-fired generation projects by 2030, expanding capacity fivefold and helping it phase out coal even as demand from factories and air conditioning continues to climb.

The problem? Only one of those planned facilities has a binding contract for gas turbines — the beating heart of a power plant and suddenly in short supply, according to

a Bloomberg survey. Global orders for the equipment are expected to outstrip production for years. Manufacturers have been caught flat-footed and wait times for some models now stretch all the way to the end of the decade. On top of that, power-station construction costs have tripled.

Coal-to-gas switching is a key driver of turbine demand, as is growth in renewables, whose intermittent nature requires gas generation as backup, said Masanori Yuri, the president of Mitsubishi Heavy Industries' gas-turbine business. North America and the Mideast are the hottest markets, he said. That's grim news for Vietnam. If it can't build gas plants, it might have to lean more on coal, or pivot more quickly to renewables and batteries to keep up with electricity demand. Other growing economies such as the Philippines and Indonesia could hit similar roadblocks as they try to build out gas power.

U.S. energy agency forecasts Brent in the \$50s in 2026

(S&P Global; Oct. 7) - Oil prices are set to decline as global supply growth outpaces demand, with Brent crude forecast to fall from an average of \$69 per barrel in 2025 to an average of \$52 in 2026, the U.S. Energy Information Administration said Oct. 7. Global oil stocks are expected to build by an average 2.6 million barrels per day in the fourth quarter of 2025 and remain elevated throughout 2026, putting downward pressure on prices, the EIA said in its October Short-Term Energy Outlook.

Global liquid fuels consumption growth of 1.1 million barrels per day annually will not be sufficient to absorb the supply growth, the federal energy forecast report said. China's strategic inventory builds have provided some global price support this year, but uncertainty remains over whether Beijing will maintain this pace, according to the outlook. The negotiations related to the Russia-Ukraine conflict could also affect supply, and further sanctions could be put on buyers of Russia's oil, the EIA said in its outlook.

The EIA said in a statement that it expects oil production growth to be led by countries outside of OPEC+. Production in South America has been the leading source of growth as new offshore operations have started up ahead of schedule in Brazil and Guyana this year, the outlook said. OPEC+ crude production is forecast to increase by 500,000 barrels per day in 2025 and 600,000 in 2026, the EIA said.

China builds more oil storage sites

(Reuters; Oct.7) - China is building oil storage sites at a rapid clip as part of a campaign to boost stockpiles that increased in urgency after Russia's Ukraine invasion upended global energy flows and has accelerated this year, according to public data, traders and industry experts. State oil companies including Sinopec and CNOOC will add at least

169 million barrels of storage across 11 sites during 2025 and 2026, according to public sources including domestic news reports, government reports and company websites.

Of that, 37 million barrels of capacity has been built, the sources show. Once completed, the new sites will be able to store two weeks of China's net crude imports, according to Reuters calculations based on Chinese trade data, a significant volume as China is by far the world's biggest oil importer. Beijing's reserve-building — S&P Global Commodity Insight last month estimated China had stockpiled an average of 530,000 barrels per day thus far in 2025 — is soaking up surplus global supply and supporting prices under pressure as the OPEC+ producers group winds down production cuts.

Traders and consultancies say they expect the stockpiling, fueled by prices recently below \$70 per barrel, to continue at least through the first quarter of 2026. China's heavy dependence on foreign oil is a strategic vulnerability that Beijing is seeking to mitigate through storage, supply diversification and maintaining domestic oil production. China is also rapidly developing renewable energy and electrifying its vehicle fleet, with gasoline and diesel demand declining and overall oil consumption likely to peak in 2027.

China builds a work-around to pay for Iranian oil

(The Wall Street Journal; Oct. 5) - U.S. sanctions make it nearly impossible to pay Iran for its oil. China has figured out how to do it anyway, in an arrangement that has largely been secret. The hidden funding conduit has deepened economic ties between the two U.S. rivals in defiance of Washington's efforts to isolate Iran. The barter-like system works like this, according to current and former officials from several Western countries, including the U.S.: Iranian oil is shipped to China — Tehran's biggest customer — and, in return, state-backed Chinese companies build infrastructure in Iran.

Completing the loop, the officials say, are a Chinese state-owned insurer that calls itself the world's largest export-credit agency and a Chinese financial entity that is so secretive that its name couldn't be found on any public list of Chinese banks or financial firms. The arrangement, by sidestepping the international banking system, has provided a lifeline to Iran's sanctions-squeezed economy. Up to \$8.4 billion in oil payments flowed through the funding conduit last year to finance Chinese work on large infrastructure projects in Iran, according to some of the officials.

Iran exported \$43 billion of mainly crude oil last year, according to estimates by the U.S. Energy Information Administration. Western officials estimate that around 90% of those exports go to China, which has been the predominant buyer of Iranian oil since 2018, when President Trump pulled the U.S. out of the 2015 nuclear accord and reimposed sanctions. The system through which Iranian oil is exchanged for Chinese-built projects involves two primary players: China's large state insurance company Sinosure and a China-based financing mechanism that the officials all referred to as Chuxin.

Impending oil oversupply may drive markets to buy now, profit later

(Bloomberg columnist; Oct. 5) - The oil market is heading for an immense surplus in early 2026. How large? “Cartoonish,” reckons Macquarie Group, a bank with a huge commodities business. What’s the solution? Stockpile millions of barrels of crude into tanks. It’s a tried-and-tested response, but this time there’s a catch: Interest rates are much higher than at any time the oil industry has faced a similar situation over the past 25 years. Thus, financing next year’s surplus will be expensive.

With the OPEC+ cartel agreeing Oct. 5 to boost output even further, understanding the snag is crucial. When a large surplus emerges, the shape of the oil-price curve quickly shifts to make storage economical. As inventories start to accumulate, the curve inverts, with spot prices falling below forward prices — a contango, in industry jargon. Traders can buy crude cheaply, store it and lock in a profit by guaranteeing a higher price in the future from a forward sale in the derivatives market.

The contango can be measured in many ways, but one benchmark is the difference between oil for immediate delivery and the one-year forward price. The size of the glut, storage costs and financing costs affect the spread. Financing costs are driven by the price of a barrel of oil and the prevailing interest rates. Higher financing costs mean the oil-price curve will have to shift into a deeper contango to compensate for the extra expense. That could mean lower prices for today’s oil and/or higher prices for future oil.

A contango looms. The only question is how wide it will get, and whether it will be driven by lower spot rates or higher forward prices. My guess is that the \$60-a-barrel threshold looks extremely vulnerable to the tsunami of supply that’s about to be unleashed.

Exxon moves toward exploration agreement for Iraqi oil field

(Bloomberg; Oct. 8) - Exxon Mobil signed agreements that lay the groundwork for it to explore Iraq’s giant Majnoon oil field, ending the company’s near two-year hiatus in the country. It has signed heads of agreements with Basra Oil Co. and SOMO, Iraq’s oil marketing company, Prime Minister Mohammed Shia Al-Sudani said Oct. 8. Goal include the Majnoon field and boosting Iraq’s export infrastructure, his office said. The agreement includes a joint cooperation with SOMO to explore marketing opportunities.

Exxon was among the first Western oil explorers allowed into Iraq, the second-largest producer in OPEC, in 2010 as the nation sought to rebuild its energy industry in the aftermath of the country’s invasion, fall of President Saddam Hussein and the years of conflict that followed. But the company decided to exit its primary investment — a stake in the West Qurna-1 oil field in southern Iraq — in early 2024 amid tough contractual terms, OPEC supply constraints and ongoing political instability.

Majnoon, also in the south of Iraq, is one of the country's biggest fields and has long attracted the interest of the world's largest oil companies. But profit sharing with the government has often been a source of conflict, one that led Shell to quit the field in 2017. Exxon will need to complete a series of commercial and technical studies and agree to an operating contract before oil production could begin, a process that could take years. Water supplies have also been a concern historically, as many of Iraq's wells rely on injection of fluids to sustain reservoir pressure.

Japan's next prime minister supports more reliance on nuclear power

(Bloomberg; Oct. 6) - The woman expected to be Japan's next prime minister is set to keep nuclear power at the core of the nation's energy strategy, while reducing emphasis on readily available renewables like solar. Sanae Takaichi, the newly elected leader of Japan's ruling party, has pushed to accelerate the development of advanced nuclear technologies, like fusion, and has previously called for making the country 100% energy self-sufficient by deploying next-generation reactors.

A pro-nuclear stance would continue the policies of previous administrations, which have pushed to build new units and restart reactors idled after the 2011 Fukushima disaster. Takaichi also is likely to prioritize nuclear energy as a means to curb Japan's carbon emissions, said Mika Ohbayashi, director at the Renewable Energy Institute. "She wants energy security over climate ambition, nuclear over renewables, and national industry over global corporations," Ohbayashi said.

Takaichi has at times expressed concerns about solar power. She has said she opposes "further covering our beautiful land with foreign-made solar panels," and that she would reform subsidy programs that support solar energy. Japan currently imports most of its solar modules from overseas. While she backs nuclear, it's unclear what she can do to help accelerate the restart of Japan's idled reactors. The country has 33 commercially available units, 14 of which have resumed operation under stringent post-Fukushima rules. Restarts face high regulatory hurdles and need local government support.

Louisiana LNG project asks FERC for more time to start construction

(Reuters; Oct. 7) - Commonwealth LNG has asked federal regulators for a four-year extension to construct and begin exporting liquefied natural gas from a proposed export facility in Cameron Parish, Louisiana, a regulatory document shows. In a letter to the Federal Energy Regulatory Commission, the company said it cannot meet the present deadline of November 2027 and wants it extended to December 2031.

Commonwealth has so far sold 5 million tonnes per year of its planned capacity but is still short of selling out the total 9.5 million tonnes that would come online upon

completion. LNG developers usually try to sell most of the future flows in long-term agreements before giving the financial go-ahead for a plant to be built. The company has previously said it wants to make a final investment decision on construction of the plant before the end of the year. The FERC said if the extension request is contested, it will aim to issue a decision within 45 days.

Economics may be biggest test for Woodside's Browse gas project

(Australian Broadcasting Corp.; Oct. 5) - Woodside's fight to develop the huge Browse offshore gas fields has so far been fought on environmental lines. Opponents say its proximity to the remote Scott Reef would cause irreparable damage to coral and marine life, and associated carbon emissions are too high in light of recent climate change reports. But some analysts, such as head of energy research at MST Financial, Saul Kavonic, argue Woodside should be more worried about the project's financial viability.

"The cost of the development itself ... leaves us with a questionable set of economics for the project," he said. The gas industry has had its eyes on Browse for decades, but past efforts have failed to clear the economic hurdle of drilling for gas in such a remote location. Woodside needs to build a drilling platform, two floating production facilities and drill around 20 gas wells almost 200 miles off Western Australia's Kimberley coast.

To process the gas, it would need to be transported via a 560-mile pipeline to the North West Shelf LNG facility in Karratha. Kavonic said the idea was considered and then abandoned 15 years ago. When Woodside abandoned plans to develop Browse as a floating LNG project in 2016, the Western Australia premier at the time said the company was facing engineering costs above A\$50 billion. Another hurdle for the project is its complicated corporate structure. Kavonic said any of the partners could effectively veto the project if they decided it was not in their interest.

Europe will need to rely on more U.S. LNG this winter

(Reuters; Oct. 6) - Europe will need to import up to 160 additional liquefied natural gas cargoes this winter due to lower storage inventories and a decline in pipeline flows from Russia and Algeria, according to analysts and data, deepening its dependency on U.S. gas. Overall LNG imports will jump to 820 tankers this year from 660 last year, representing 48% of all European Union gas supply, with analysts forecasting a need for about 560 billion cubic feet of gas, almost 12 tonnes of LNG this winter.

A decade ago, LNG covered only 10% of European Union gas needs, and the share stood at 23% in 2021 before Russia invaded Ukraine and the bloc cut Russian pipeline imports. U.S. LNG exports saved Europe from a deeper gas crisis in 2022, but that

growing reliance has created unease as the Trump administration hit trading partners, including the EU, with tariffs this year.

The U.S. will supply around 70% of Europe's LNG in 2026-2029, up from 58% so far this year, as the EU plans to ban Russian LNG from 2027 and Russian gas from 2028, Energy Aspects analysts said. U.S. gas production and export capacity are surging, while growth from other suppliers will be limited, they said. "Our dependency on the U.S. will grow," said an executive at a major European utility, speaking on condition of anonymity, citing limited options to buy gas elsewhere. Imports from Algeria have fallen. And Europe's top domestic supplier, Norway, also faces a gradual production decline.

Türkiye adds U.S. LNG deals to its gas supply portfolio

(Türkiye Today; Oct. 6) - Türkiye's Energy and Natural Resources Minister Alparslan Bayraktar confirmed that liquefied natural gas supply deals signed for U.S. gas are worth \$43 billion, with shipments scheduled from 2027 to 2045, aimed at diversifying the country's gas supplies with cost-efficient options. Speaking at a meeting in the northern city of Samsun on Oct. 4, Bayraktar stressed that Türkiye still faces a heavy energy import burden, underlining the importance of a well-established supply portfolio.

"We need energy, and we must obtain it from somewhere. Where do we get it? From a reliable source. And most importantly, from wherever it is cheapest," Bayraktar said. "Wherever energy exists, we must find it and bring it home." During President Recep Tayyip Erdogan's U.S. visit, Türkiye's state-run gas and oil company BOTAS signed two LNG import agreements with Swiss energy trader Mercuria and Australian firm Woodside Energy, covering LNG sourced in the U.S.

The deal with Mercuria involves a total supply of nearly 140 billion cubic feet of natural gas delivered annually through the end of 2045, while the agreement with Woodside Energy covers 200 bcf of gas per year starting in 2030 and lasting nine years. Bayraktar noted that pipeline gas continues to arrive from Russia, Iran, and Azerbaijan, with additional supplies now secured from Turkmenistan. The U.S. LNG deal will diversify this mix further, alongside Türkiye's own production, he added.

Turkey looks to diversify gas supply with more local production, LNG

(Reuters; Oct. 8) - Turkey could meet more than half of its gas needs by the end of 2028 by ramping up production and increasing U.S. imports, in a shift that threatens to shrink the last major European market for Russian and Iranian suppliers. Washington has publicly pressured allies, including NATO member Turkey, to cut energy ties with Moscow and Tehran. At their White House meeting on Sept. 25, U.S. President Donald Trump pressed Turkish President Tayyip Erdogan to cut Russian energy purchases.

Diversifying supply would also strengthen Turkey's energy security and support its ambitions to become a regional gas hub. Ankara aims to re-export imported liquefied natural gas and its own gas production to Europe while burning Russian and Iranian gas domestically, analysts said. "Turkey has been signaling that it will take advantage of the (global) LNG abundance," said Sohbet Karbuz, from the Paris-based Mediterranean Organization for Energy and Climate.

Russia remains Turkey's largest gas supplier, but its market share has fallen from more than 60% two decades ago to 37% in the first half of 2025. Most European countries halted imports of Russian pipeline gas following Moscow's invasion of Ukraine in 2022. Russia's long-term pipeline contracts with Turkey to supply 777 billion cubic feet annually via the Blue Stream and TurkStream pipelines are close to expiring. Iran's 350-billion-cubic-foot contract expires in the middle of next year, while Azerbaijan's contracts, totaling 335 billion cubic feet per year, run until 2030 and 2033.

Chinese company building oil refinery in Ethiopia

(S&P Global; Oct. 6) - Ethiopia is advancing plans to construct its first oil refinery as part of a major industrial project with Chinese energy services firm Golden Concord Group. Ethiopia's Prime Minister Abiy Ahmed said in statement on X dated Oct. 2 that Golden Concord is working on constructing the new Gode refinery — a 70,000-barrel-per-day facility that will process domestic crude.

The complex will process crude and condensate from the Hilala oil field in the Ogaden Basin, located in the country's eastern Somali region, Ahmed said. Based on estimates from Commodity Insights analysts, the facility could be capable of meeting roughly 70% of Ethiopia's current fuel needs. The prime minister did not share specific timelines for the launch of the new refinery, which would be a milestone development for the East African country. Within its previous borders before Eritrea's secession in 1993, the country was once home to a smaller refinery in Assab, which was shuttered in 1997.

Today, Ethiopia almost exclusively relies on tanker truck deliveries for its fuel to arrive from the port of Djibouti, after years of failed attempts to advance refinery plans. In the past, local marketer National Oil Ethiopia and Canadian investment firm Helios Fairfax Partners have both sought to develop major refinery projects, but plans have been set back by infrastructure and funding limitations.

Germany subsidizes heavy industries to reduce carbon emissions

(Bloomberg; Oct. 6) - Germany has earmarked €6 billion (\$7 billion) for next year to help reduce carbon emissions of its heavy industries, ending uncertainty over subsidies that are meant to help companies shift to cleaner technologies. The program — targeted at

sectors including chemistry, steel, cement and glass — aims to cover extra expenses incurred by firms switching to cleaner processes, such as carbon capture and storage or burning hydrogen. The country hasn't previously offered funding for CCS technologies.

Germany's industrial core has been under pressure for years amid persistently high energy costs and, more recently, strain from U.S. tariffs. The country's chemical plants operated at just 72% capacity in the second quarter, the weakest level in more than 30 years, highlighting the difficulty some firms face in allocating additional spending toward climate goals. Companies can now join preliminary consultations until Dec. 1 on the funding scheme, with the auction starting in mid-2026, the economy ministry said Oct. 6.

Germany launched a first auction last year and awarded subsidies worth €2.8 billion to 15 projects in October. The initial idea foresaw €23 billion in funding but was cast aside after the previous government collapsed over a budget dispute, delaying plans for a second round. The government of conservative Chancellor Friedrich Merz initially left unclear whether the subsidies would continue and proposed cutting funding to €1.8 billion, with economic advisers cautioning against too many spending programs. The start of the program still hinges on approval by parliament and European Commission.