Oil and Gas News Briefs
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Global LNG industry needs China to buy a lot more gas

(Bloomberg; Sept. 12) - Global gas traders are leaving a major industry conference in Milan without a clear consensus on when — or even if — demand from Chinese buyers will rebound, a key risk as liquefied natural gas supplies keep piling up. While European buyers clinched a flurry of supply agreements on the sidelines of the Gastech conference this week — part of preparations for phasing out Russian fossil fuels — China has been notably subdued in the market. Traditionally, it's among the largest purchasers and a key anchor for seaborne cargo prices worldwide.

The country's persistently sluggish consumption — as well as its recent acceptance of deliveries from a sanctioned Russian LNG plant — has left traders wondering whether the nation's purchases on global markets will pick up this winter and beyond. There are doubts over the long term, as China recently agreed to a preliminary pact to expand its gas flows from Russia in the next decade with construction of a new pipeline.

All that may become a problem for LNG producers facing a multiyear supply glut starting in 2026. U.S. exports are booming as Venture Global's new plant in Plaquemines, Louisiana, ramps up faster than expected, and more big projects will follow. "The industry continues to predict the rise in Chinese demand for LNG, but it hasn't happened yet," said Steve Hill, executive vice president for gas and LNG trading at Mercuria Energy Group. "However, China will clearly need to significantly increase its LNG import volumes for the market to absorb the upcoming supply growth."

Analysts continue to question financial risks of Alaska LNG project

(Energy Wire; Sept. 15) - The lead developer of a mammoth gas pipeline and export terminal long planned for Alaska touted new deals and heightened interest last week, but the project remains far from the finish line. Glenfarne — the majority owner of the Alaska LNG project — unveiled partnerships with JERA, Japan's largest power company, and POSCO International, a South Korean trading and investment company.

Reactions were mixed on what the new agreements mean for Alaska LNG, with observers noting both the project's public momentum and the fact that the deals are not final. Alaska has been trying to build a gas pipeline for decades — and it's no small feat. "It's a tall order and it's an expensive order," said Brigham McCown, a senior fellow and director of the Initiative on American Energy Security at the Hudson Institute. McCown

said success “really turns” on lining up binding agreements. McCown is the former chief executive of Alyeska Pipeline Service Co., which operates the trans-Alaska oil pipeline.

The cost of the project, including the pipeline and the LNG export terminal, has been estimated at $44 billion. But observers say it could actually cost billions of dollars more. McCown said the U.S. government should be a “passive” investor if it decides to take a stake. “The problem becomes when the federal government decides to be an active investor and wants to start telling a private company how to do their business,” he said.

McCown said the Alaska oil line was built by five companies “simultaneously” 50 years ago, and “we have far fewer workers that can build pipelines today,” plus there are challenges to Arctic construction. “There’s a lot to like about it, but this is a monumental undertaking,” he said. While the project would unlock “stranded” gas, the venture comes with risks around cost and potential customer reluctance on contracts beyond 20 years.

Alex Munton, director of global gas and LNG research at Rapidan Energy Group, said financing is an issue because of the project’s high cost and risks. “None of these agreements provide any better clarity or signal that the project is in a better position now in terms of accessing the finance or bringing in the capital,” he said. The agreements announced between Glenfarne and other companies so far are “preliminary,” he added.

South Korea steel producer could provide pipe for Alaska LNG project

(Reuters; Sept. 11) - Glenfarne's Alaska LNG unit said on Sept. 11 that it had signed a preliminary agreement to supply 1 million tonnes per year of LNG to South Korean trading firm POSCO International for 20 years from its proposed Alaska export project. The deal, which follows the U.S. energy infrastructure company's letter of intent with Japan's leading LNG buyer JERA, also includes terms for POSCO to provide steel for Alaska LNG's planned 42-inch-diameter, 807-mile pipeline.

POSCO, Korea’s largest steel producer and a major LNG importer, could serve as both supplier and buyer in the partnership. And POSCO also could possibly invest in the proposed $44 billion Alaska project, according to the companies. The agreement sets the framework for definitive deals, subject to board approvals.

The LNG pipeline would link the state's North Slope gas reserves to Southcentral Alaska and a planned export terminal, with Glenfarne aiming for a final investment decision on the pipeline phase of the project — not the LNG components — by the end of the year. FID on the more expensive liquefaction plant and marine terminal would come next year, Glenfarne has said.

U.S. wants Europe to trade dependency on Russian gas for U.S. LNG

(Reuters commentary; Sept. 11) - It may appear quite audacious for the world's largest natural gas producer to demand that its biggest market stop buying from a competitor. But that's exactly what unfolded this week at the global gas industry's annual gathering in Milan. Speaking at the start of the Gastech conference, U.S. Interior Secretary Doug Burgum delivered a clear message: Europe should stop purchasing gas from Russia, which the United States would happily replace.

"We achieve prosperity at home and with our allies through energy abundance," Burgum told the audience of European energy officials and company executives. "Peace is achieved around the world by selling our energy to our friends and allies who don't have to buy from our adversaries," said Burgum, a former governor of the oil- and gas-rich state of North Dakota. Europe sharply reduced its Russian pipeline gas imports following Moscow's invasion of Ukraine in 2022, and it aims to fully phase out purchases of Russian gas by 2027, if not earlier.

Yet Europe has continued to import Russian gas through the Turkstream pipeline. And Europe has arguably just traded one dependency for another. The region's Russian pipeline gas has mostly been replaced by LNG imports — and the majority of that has come from the U.S. While reliance on the U.S. has less political risk, such dependence nevertheless exposes Europe to potential disruptions such as a sudden drop in exports from the U.S. Gulf Coast due to hurricanes or heatwaves. And the chaotic policymaking out of Washington since January shows that political risk can exist among allies.

Tokyo Gas wants more diversity in its LNG supply portfolio

(Reuters; Sept. 11) - Tokyo Gas is working to build a geographically and contractually diverse supply of liquefied natural gas to withstand market volatility, but securing flexible supply remains a challenge because it is in high demand from both buyers and sellers, a senior executive said. "Sellers are becoming more like portfolio players — they want to optimize their supply. And as a buyer, we like to optimize our assets. Everyone is on the same page," said Yumiko Yao, general manager for LNG at Japan's top city-gas supplier, speaking on the sidelines of the Gastech conference in Milan.

Buyers globally are seeking flexible LNG supply options as conflicts between major political powers worldwide causes price volatility and market uncertainty. In Japan, the world's second-largest LNG importer, demand is expected to rise due to increasing power requirements from data centers. However, questions remain over the country's ability to meet carbon-neutrality targets and the pace of restarting nuclear plants, leaving Japan's demand projections uncertain.

Yao added that diversification in geography and price index is important, with Tokyo Gas seeking destination-free cargoes, or some control over the volumes it receives. "We are

communicating with several project owners at the moment, and some of the discussions are advancing," Yao said, declining to identify the companies. Yao said that while Tokyo Gas is primarily focused on securing offtake agreements, it is open to equity stakes in projects if it aligns with its supply strategy.

Oil field service companies get into power business for data centers

(Wall Street Journal; Sept. 11) - Despite the White House's "drill, baby, drill" mantra, the business of providing equipment and services for the oil field is hardly booming these days. Now, oil field service companies are going after a more promising target: tech companies that need power quickly to fuel their artificial intelligence ambitions. Oil field service companies have said they are getting into the power business. After all, these companies already install and operate generation units — often fueled by on-site natural gas — for energy-intensive fracking operations.

Solaris, for example, has an agreement to co-own and operate 900 megawatts of gas turbines for xAI, according to Memphis, Tennessee, city documents. Some of the turbines are destined for xAI's Colossus 2 supercomputer in Memphis, according to a U.S. Securities and Exchange Commission filing. Solaris acquired a mobile power business last year, and that segment now accounts for more than half of its revenue.

Compared with oil field servicers' typical customer base, tech companies have growthier outlooks and splashier budgets. Microsoft plans to spend $80 billion on data centers supporting AI this year, 80% more than what Exxon and Chevron combined are expected to spend on capital expenditures. Oil field service companies plan to use smaller, modular equipment that is off-grid, providing speedier access to electricity, although at less power. These units would be plugged directly into data centers, and the smaller units don't face the yearslong wait list for large-scale gas turbines.

Saudi Arabia becoming a world leader in solar power

(Wall Street Journal; Sept. 10) - The world's ultimate petrostate is turning to solar power. Saudi Arabia is building some of the world's biggest solar farms, along with giant arrays of batteries to store their electricity till after dark. The rapid rollout is making the country into one of the fastest-growing markets for solar power from a near-standing start. The kingdom is betting that sunshine can transform its economy and bolster its coffers. It needs electricity for new tourism resorts, factories and artificial intelligence data centers.

Green energy could also squeeze more value from the oil that made the kingdom rich. Saudi Arabia burns oil to generate electricity; embracing alternatives frees up barrels for export. It's visible in the spread of glass across the desert, one of the starkest

illustrations yet of how the plummeting cost of Chinese-made solar panels and batteries is changing how the world generates power, even as the U.S. takes aim at renewables.

“Solar is the cheapest, the fastest, the simplest and the most secure source of energy that you can install,” said Marco Arcelli, CEO of ACWA Power, the company driving the Saudi grid overhaul. Saudi Arabia aims to get half its electricity from clean sources by 2030. ACWA, whose largest shareholder is Saudi Arabia’s sovereign wealth fund, is charged with delivering most of the power to hit the target — roughly 100 gigawatts of capacity. That’s a lot for a country that last year had roughly 4 gigawatts installed solar.

A trio of Saudi companies, including ACWA, said in July they would invest $8.3 billion in 15 gigawatts of renewables, mostly solar plus some wind. That’s on top of a slightly larger amount already under construction, according to research firm Rystad Energy. Until recently, Nishant Kumar, a Rystad analyst, didn’t think the kingdom could get close to 50% renewables. But projects keep popping up. He now thinks low-carbon energy could provide a third or more of the Saudi power mix by 2030, up from 2% last year.

Canadian prime minister wants to expedite LNG plant expansion

(Bloomberg; Sept. 11) – Canadian Prime Minister Mark Carney wants to speed construction of a major expansion of LNG Canada, the multibillion-dollar, large-scale liquefied natural gas export project on Canada’s west coast. The operator, Shell, and its Asia-based partners, are considering whether to double the plant’s capacity. The prime minister wants to smooth the path by including it on a list of major infrastructure projects eligible for fast-track acceptance.

The list, unveiled Sept. 11, includes projects the government sees as nationally significant and wants to expedite. It’s part of an effort to respond to U.S. tariffs by stimulating construction activity, boosting Canada’s economy and increasing exports to non-U.S. trade partners. The LNG Canada expansion already has federal approval, but Shell and its partners — Petronas, PetroChina, Mitsubishi and Korea Gas — have not yet made a final investment decision.

The facility’s first phase, which received an investment decision in 2018, finally began shipping gas a little more than two months ago. The LNG Canada consortium holds a 40-year export license that allows it to initially export as much as 14 million tonnes of LNG per year. Phase 2 would increase capacity to 28 million. But there are lingering questions over how the expanded facility would be powered and whether it fits within carbon emission limits set out by the governments of Canada and British Columbia.

Australia’s oldest LNG plant gets 40-year extension of life

(Reuters; Sept. 12) - Australia gave final approval on Sept. 12 for Woodside to operate the country's oldest and second-largest liquefied natural gas plant until 2070, while imposing 48 "strict" new rules in a bid to limit its environmental impact. The decision to extend the life of the North West Shelf plant in Western Australia caps a seven-year approvals process dogged by appeals and backlash from green groups, who say it will imperil nearby ancient rock art and set back efforts to curb climate change.

The federal and state governments had to balance those concerns with the interests of one of Australia's largest export industries, which is the biggest source of LNG for key ally Japan. Environment Minister Murray Watt said Woodside had agreed to 48 conditions that were "technically feasible" and would protect Indigenous Murujuga rock art in the area by limiting emissions. "Some of the gases that are emitted at this facility, which if not controlled properly, could have a significant impact on the rock art," he said.

The rock art is estimated to be up to 50,000 years old and is of cultural and spiritual significance to Indigenous Australians. The North West Shelf plant's existing license had been set to expire in 2030. The 40-year extension was given preliminary approval in May, but Woodside battled with the government over the conditions for nearly four months. Watt said Woodside had agreed to specific limits on pollutants, including cutting levels of nitrogen oxide by 60% in five years and 90% by 2061. Rock art experts have said such emissions risk degrading the petroglyphs by turning into acid rain.

U.S. power plant developer seeks exemption from air permitting rules

(Argus; Sept. 12) - A developer seeking to build up to 23 gigawatts of behind-the-meter gas-fueled power generation has sought to use a "presidential exemption" process to avoid air permitting rules at 11 proposed data centers in Texas, Illinois and Montana. Thunderhead Energy Solutions sent those requests to the Environmental Protection Agency this spring, hoping to take advantage of an open-ended invitation for exemptions set up under President Donald Trump. The power would go directly to the data centers, not through a distribution grid.

Authorizing the air permitting exemptions would avoid "critical delays" in the permitting process, the company said, allowing a rapid buildout of data centers that are "essential" to national security. “The standard permitting process would prevent timely deployment of urgently needed computing capacity," Thunderhead founder Brennan Zaunbrecher wrote in a March 28 email obtained this week through a public records request.

The 11 exemption requests — the status of which remains unclear — come at a time when the Trump administration has made fast-tracking power generation for data centers one of its top priorities. Trump administration officials have downplayed worries about climate change, while prioritizing development of power plants it hopes will allow

the U.S. to be dominant in the development of artificial intelligence data centers. Trump has already granted presidential exemptions for dozens of coal-fired power plants and chemical plants, drawing lawsuits from environmentalists.

Putin says Russia could cooperate on LNG projects in Alaska

(Energy Intelligence; Sept. 10) - Russia's pivot to Asia, cemented by new energy deals signed during President Vladimir Putin's visit to China last week, doesn't mean Moscow is closing the door on Western companies. Speaking at the Eastern Economic Forum in Vladivostok on Sept. 5, Putin said Russia was ready to cooperate with the U.S. in liquefied natural gas projects in Alaska if the relevant political decisions were made.

Some participants of the forum also discussed the issue of Exxon Mobil's possible return to the Sakhalin-1 oil and gas project on the Russian Pacific shelf. The comeback would be welcome, regional governors said. However, without a peace deal in Ukraine, all those goals are unrealistic, experts note. And they could become even less likely following new sanctions that are in the making in the U.S. and European Union against Russia, its energy sector and oil companies.

"We have good proposals for working with the U.S. companies in Alaska. There are resources there, and we have gas extraction and liquefaction technologies that are much more efficient than those that some of our American partners possess," Putin said in Vladivostok. American companies are aware of Russian technologies and are ready to cooperate, Putin said. "We are also ready," he added, but noted that the ball is in the U.S. court, not Russia's. "If there are political decisions there, we will move in this direction as well. We can work together in the Arctic," Putin said.

Northern Sea Route traffic running ahead of last year

(High North News; Sept. 10) - A new report by Norway’s Center for High North Logistics takes stock of Arctic traffic at the midway point of the shipping season. The analysis focuses on transit shipping traveling from Europe to Asia or vice versa. This type of traffic remains highly focused on Russia’s and China’s increasingly close business relations. Between the start of the summer navigation season in June and the end of August, the experts at the CHNL recorded 52 transit voyages carrying approximately 1.3 million tonnes of cargo. This compares to 48 voyages during the same period last year.

The vast majority of cargo flows started and ended in either Russia or China. A few voyages were also destined for South Korea, which aims to start playing a larger role in Arctic shipping in the coming years. Cargo flows along the Northern Sea Route primarily focus on natural resources, including oil, gas and iron ore, as well as container shipping.

Russia continues to ship oil from its hub near Murmansk as well as from ports in the Baltic Sea to buyers in China. The report identified 13 oil tankers transiting the route carrying around 5.5 million barrels. The list of vessels also includes several tankers with no ice-class protection, an added safety risk when traveling through ice-infested Arctic waters. Interestingly, the majority of container ships transiting via the Arctic did not have any ice-class designation, indicating that even conventional vessels can, at times during the height of summer, traverse the route.

New Brunswick resources minister pushes for LNG export project

(CBC Canada; Sept. 7) - As New Brunswick continues to pitch a major gas pipeline project to the federal government, the province now says it's also been in talks with private companies to realize its ambitious plan. Natural Resources Minister John Herron said the province has spoken with pipeline operator TC Energy and with Repsol, which operates a liquefied natural gas import plant in Saint John, as part of a push to bring gas from Western Canada to Atlantic Canada for export as LNG to Europe.

Herron described the conversations as being in the "nascent stage," but added, "it's quite clear that there is a demand for LNG in Europe, and Canada has natural gas to offer." Calling it a "pan-Canadian, nation-building project," he said the pipeline would connect a gas pipeline that currently ends in Quebec City to the port of Saint John. He added that the pipeline would initially be owned by New Brunswick First Nations and the federal government, with the private sector later purchasing the government stake.

Herron said Saint John is especially attractive for the federal government's three- to four-year timeline because it has some existing LNG infrastructure and pipeline connectivity. He acknowledged the plan would be expensive, estimating it at a C$4 billion to $5 billion investment. The existing gas pipeline from Alberta to Ontario would need additional capacity — at an additional cost. Adding liquefaction and export capabilities to the existing LNG import terminal in Saint John would add to the cost.