

Oil and Gas News Briefs

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Canada approves LNG export project with First Nation partner

(Reuters; Sept. 16) - Canada's federal government and the province of British Columbia on Sept. 15 approved Ksi Lisims LNG, a proposed liquefied natural gas export terminal on the Pacific coast. The approval authorizes Ksi Lisims under the Impact Assessment Act, the sweeping regulatory framework that governs major infrastructure projects in Canada. It sets the stage for a possible final investment decision before the end of the year by project proponents: Houston-based Western LNG; a consortium of Canadian gas producers called Rockies LNG; and the Nisga'a First Nation, who own the land.

Blackstone, a global investment firm, is a financial backer of the estimated \$10 billion project. The proponents have said construction could begin this year, with startup in 2029. Construction is already under way on a 558-mile pipeline to transport gas from the shale fields of northeastern British Columbia to the Ksi Lisims site on the northwest coast near the community of Gingolx, across the water from Alaska. With a production capacity of 12 million tonnes a year, it could become Canada's second-largest LNG export terminal, after Shell-led LNG Canada, which began operations this year.

Proponents say Ksi Lisims will have one of the lowest carbon intensities of any LNG export facility in the world — it is being designed to run on renewable hydroelectricity. Still, B.C. Hydro's capacity to meet the project's renewable electricity needs by the target date remains uncertain. Both Shell and TotalEnergies have signed 20-year LNG purchase agreements with Ksi Lisims, whose Pacific location offers shorter shipping times to Asian markets than U.S. Gulf Coast competitors. It has faced stiff opposition, however, from several environmental groups and the Gitanyow hereditary chiefs, who argue it will have environmental consequences, including a risk to salmon habitat.

B.C. government looks to LNG project sponsor to court First Nations

(The Canadian Press; Sept. 16) - British Columbia Premier David Eby said his government is "counting" on the Nisga'a First Nation to help "increase the level of support" among other First Nations that oppose a C\$10 billion liquefied natural gas export facility proposed to float off the northwest coast. "There is still work ahead" to get other First Nations on board that oppose the Ksi Lisims LNG project, Eby said Sept. 16.

Both the provincial and federal government have signed off on the facility that is a venture of the Nisga'a and gas producers, but four of six other First Nations asked to provide consent did not grant it, and numerous environmental groups are also opposed.

Eby said he has "great faith" in the Nisga'a and its president, Eva Clayton, to deliver that support through an "open spirit of engagement" with other First Nations, adding that the project was designed to minimize environmental impacts.

Federal Energy Minister Tim Hodgson said the project represents the "culmination of years of advocacy" by the Nisga'a. Eby, who was speaking in Vancouver, said his government needs to work in partnership with those nations that are opposed in whatever way possible to accommodate their concerns about the project. The plan, if the development partnership decides to proceed, is to build off Pearse Island in northwest British Columbia, just south of the border with Alaska.

Canadian government wants to help LNG Canada project expand

(Bloomberg; Sept. 12) - Canada is stepping up talks with investors behind the country's largest liquefied natural gas export terminal for an expansion that would double its size while making it as low-carbon as possible, Energy Minister Tim Hodgson said. That may involve government support, Hodgson and Prime Minister Mark Carney suggested in separate remarks this week. It remains unclear exactly what form that would take, and Hodgson said the negotiations must remain private to get the deal over the finish line.

Canadians want exports to be done in "the most environmentally responsible way," Hodgson said. That includes the LNG Canada plant, which could expand its capacity to 28 million tonnes a year from Kitimat, British Columbia. "It costs money to do things the right way," he said. "So there are things that need to be negotiated which will help the proponents get to their target returns." Hodgson pointed to one area that would require extra cost to make LNG projects cleaner: bringing in more electricity. That would let the plant tap into clean hydroelectricity instead of powering itself by burning more gas.

Carney announced Sept. 11 that LNG Canada Phase 2 is included in the government's first batch of major infrastructure projects it intends to expedite. The first phase of the plant started shipping in June, and the second phase already has the regulatory approvals it needs. Its owners, however, a consortium of Shell, Petronas, PetroChina, Mitsubishi and Korean Gas, have not yet made a final investment decision. Federal incentives for the megaproject's expansion are under discussion, Carney told reporters on Sept. 11, but added they would be "very modest" compared to the total capital cost.

Japan's top power generator in talks to buy U.S. shale gas assets

(Reuters; Sept. 16) - Japan's top power generator JERA is in advanced talks to buy natural gas production assets in the U.S. for around \$1.7 billion, people familiar with the matter said, the latest example of the Asian nation investing in America's energy sector. JERA emerged as the top bidder for the assets owned by GEP Haynesville II, a joint

venture between Blackstone-backed GeoSouthern Energy and pipeline operator Williams Cos., after banks solicited offers in recent weeks, the people said.

The deal would mark JERA's first foray in shale gas production and give one of the world's largest liquefied natural gas buyers more control of its supply chain as Japan prepares for a surge in power demand from data centers critical to the artificial intelligence boom. The Japanese firm topped other bidders, including multiple U.S.-based energy companies, according to the sources, who cautioned that a deal is not guaranteed and GEP could still turn to other bidders or scrap the sale altogether.

A heavy importer of oil and gas due to its lack of domestic production, Japan has sought increased supplies from foreign allies since Russia's invasion of Ukraine roiled energy markets. Interest in U.S. gas, particularly from Asian state-backed buyers, has also been bolstered by U.S. President Donald Trump's push to include more U.S. energy exports in deals to resolve negotiations with the country's top trade partners.

GEP Haynesville II ranks among the top producers in the Haynesville shale basin of Texas and Louisiana, one of the largest gas-producing basins in the U.S. The Haynesville has been long coveted due to its proximity to existing and planned LNG export terminals on the U.S. Gulf Coast. GEP Haynesville II's full-year 2025 output is estimated to average about 317.5 million cubic feet per day this year and is forecast to nearly double to 614 million by 2028, according to consultancy Rystad Energy.

Thailand wants to buy more LNG under term contracts, including U.S.

(S&P Global; Sept. 15) - Thailand is seeking to significantly boost the share of liquefied natural gas it imports through term contracts as it contends with declining domestic gas production and increasing demand, the secretary of the Thai Ministry of Energy said in an interview at the Gastech conference in Milan. Of the roughly 6 million tonnes of LNG imported into Thailand annually via spot trades, according to Prasert Sinsukprasert, the country wants to convert "maybe 5 million" to medium-term or long-term contracts.

However, Sinsukprasert said the government only directly controls the buying activities of publicly owned importers, such as Thailand's national oil and gas company and its state-owned utility. In 2024, Thailand was the largest LNG importer in Southeast Asia, at 11.4 million tonnes, according to Commodity Insights data. The U.S. is a major focus for Thailand to expand term volumes. The government is interested in more U.S. imports, including by private buyers. "We were hoping that all the shippers would look for U.S. LNG, but it depends on the competitiveness of all these suppliers," Sinsukprasert said.

The U.S. was Thailand's third-largest LNG trader partner in 2024, supplying some 2 million tonnes, according to Commodity Insights data. That put it behind Qatar and Australia. The energy secretary said he's been speaking with U.S. Gulf Coast LNG producer Cheniere and Alaska LNG project developers. "They're all very confident that

they can give us a very good price.” He would not say when PTT could sign a binding agreement for the U.S. exports. “It will take some time — I’m not sure when,” he said. “We have to make sure that Alaska LNG will be feasible and commercially viable.”

IEA says \$540 billion a year needed to maintain current oil output

(Bloomberg; Sept. 15) - The world needs to spend some \$540 billion a year looking for and producing more oil and gas to maintain current output by 2050, according to the International Energy Agency. While global spending is likely to hit \$570 billion this year, that would be down slightly from 2024, Christophe McGlade, head of the IEA’s energy supply unit, said on a webinar. The outlook means that companies will need to tap reserves that haven’t yet been discovered, unless demand shifts away from fossil fuels.

Its forecast is part of a report that analyzed more than 15,000 fields and how fast their output is declining. Without investment, global supply would fall by the combined production of Norway and Brazil — more than 5 million barrels a day — every year. That amount is around 40% higher than it was in 2010, partly because of more reliance on shale production, particularly from the U.S., which typically depletes faster than conventional reserves.

The outlook matters because there’s little sign of oil demand peaking soon, meaning that more output will be needed for years to come. While a global oil surplus is forecast for this year and next, BP has projected that supply growth outside of OPEC from early 2026 would hold largely flat for 12 to 18 months. “An absence of upstream investment would remove the equivalent of Brazil and Norway’s combined production each year from the global market balance,” IEA Executive Director Fatih Birol said in a statement. “The situation means that the industry has to run much faster just to stand still.”

BP discovery offshore Brazil could hold 2 billion barrels

(Reuters commentary; Sept. 15) - BP's recent discovery of a giant oil field offshore Brazil has reignited investor enthusiasm, echoing the aggressive exploration era two decades ago when companies were thirsty for resources amid fears the world was running out of oil. The announcement of the Bumerangue discovery, described by CEO Murray Auchincloss as BP's most significant in 25 years, sparked an 8% surge in the company's London-listed shares in August, outperforming sector peers.

The discovery signals that concerns of oil majors being left with stranded assets in the energy transition may be receding. If fully developed, the enormous field could prove transformational for the beleaguered \$93 billion company, which in recent years has faced leadership turmoil, strategic drift, persistent takeover speculation and pressure

from activist investors. This discovery reflects the fact that BP is now redirecting cash and talent upstream, after years of downsizing its exploration and reservoir teams.

BP will need months to fully appraise Bumerangue, but initial results revealed a 1,600-foot hydrocarbon column in a high-quality pre-salt reservoir that could span over 115 square miles. Claudio Steuer of the Oxford Institute for Energy Studies estimates the field could hold 2 billion to 2.5 billion barrels of recoverable oil equivalent, based on nearby fields. That, in turn, could translate into a massive offshore development capable of producing roughly 400,000 barrels per day for decades, according to Steuer. BP, with a 100% stake, stands to reap a huge windfall from this find.

China buying more oil than it needs; surplus at 1 million barrels a day

(Reuters commentary; Sept. 15) - China's surplus crude surged to just over 1 million barrels per day in August as robust oil imports and domestic production exceeded an increase in refinery processing. China's refiners processed 14.94 million barrels per day in August, up 7.6% from the same month last year to be the second-strongest month in the past 17 months, according to data published Sept. 17 by the National Bureau of Statistics. But imports and domestic output rose to 15.95 million barrels per day, leaving a surplus of 1.01 million a day, almost double the 530,000-barrel surplus in July.

For the first eight months of the year, the average volume of surplus crude in China was 990,000 barrels per day, the bulk of this being built up from March onward as crude imports and domestic output rose at a faster rate than refinery processing. Even allowing for gaps in the official data, it is clear that from March onward China has been importing crude at a far higher rate than it needs to meet its domestic fuel requirements. The key for China's refiners is usually price, and imported oil prices have been lower.

It's also worth noting that China is still buying significant volumes from the three exporters currently under some form of Western sanctions, namely Russia, Iran and Venezuela. China's crude stockpiling has been something of an X-factor in oil markets so far this year, and it is likely to remain so given the opaque nature of how it is conducted. If prices do trend lower amid increasing supply, the reasonable expectation is that China will keep buying more oil than it needs.

California will allow more onshore drilling to boost oil production

(Reuters; Sept. 15) - California lawmakers passed a bill over the weekend that would allow construction of thousands of new oil wells annually in the Golden State in a bid to make oil more affordable for refineries and keep fuel prices in check for consumers. Senate Bill 237 would award oil-rich Kern County up to 2,000 permits a year, effective

January 2026. The aim is to have California producers supply more crude to the state's refineries and help reduce costs for retail consumers of gasoline in the state.

Last year, California produced 119,000 barrels per day of oil, with its producers meeting about 23% of refinery needs in the state, according to the California Energy Commission. Two refineries that make up about 17% of the state's gasoline production capacity are slated to close within the next year. The shutdowns, alongside other closures and refineries converted to produce renewable fuels, are expected to leave California even more dependent on costlier imports that would further drive up prices.

"Few issues are more politically sensitive than gas prices at the pump, and with Governor (Gavin) Newsom widely expected to run for president in 2028, rising pump prices and declining in-state production have suddenly become top-of-mind concerns," said Josh Young, chief investment officer at Bison Interests. "In response, his administration is advancing a significant policy shift aimed at streamlining new well approvals and increasing local output."

TotalEnergies will lead development of Iraqi oil field

(Reuters; Sept. 15) - French oil major TotalEnergies has launched the second development phase at Iraq's Ratawi oil field and has begun building an accompanying seawater treatment plant, it said on Sept. 15, the final stages of a \$27 billion multi-energy project. The project aims to boost Iraq's oil, gas and power production, reduce imports from neighboring Iran and lure back foreign investors.

The prime minister of Iraq, Qatar's energy minister and the CEO of TotalEnergies met on Sept. 14 in Baghdad to award the final contracts of the joint Gas Growth Integrated Project, led by Total (45%), Iraq's state-owned Basra Oil Co. (30%) and QatarEnergy (25%). Iraq's oil production has stagnated in recent years as Exxon Mobil, Shell and BP scaled back operations due to poor returns on fixed-fee service contracts — something Baghdad hopes the Total deal will reverse, having sweetened terms by implementing a new revenue-sharing model and reducing the government's share in the project.

Redevelopment of the field by Total in late 2023 will boost production to 120,000 barrels per day by early next year. This second phase will nearly double that by 2028 and eliminate routine flaring of gas, according to Total. Turkey's ENKA will build oil and gas processing for a daily production capacity of 210,000 barrels of oil and 163 million cubic feet of gas, according to the Iraqi prime minister's office. A seawater treatment plant, to be built by South Korea's Hyundai Engineering and Construction, will enable drought-hit Iraq to use seawater in the water-intensive oil production instead of freshwater.

Abu Dhabi company drops bid to take over Santos

(Bloomberg; Sept. 17) - Abu Dhabi National Oil Co. dropped its planned \$19 billion takeover of Australian natural gas producer Santos, walking away from an ambitious effort to expand overseas after failing to agree on key terms. A "combination of factors" discouraged the company's XRG unit from making a final bid, it said Sept. 17. The decision was strictly commercial and reflected disagreement over issues including valuation and taxes, people familiar with the matter said.

It's a notable retreat for XRG, the ADNOC spinoff launched to great fanfare last year and tasked with deploying Abu Dhabi's billions into international dealmaking. The firm has been looking to build a global portfolio, particularly in chemicals and liquefied natural gas. Nixing the Santos transaction may slow down diversification of the Middle Eastern emirate away from crude. XGR made its offer in June with a consortium that included Abu Dhabi Development Holding Co. and Carlyle Group. The board of Santos, Australia's second-largest fossil-fuel producer, recommended accepting the proposal.

"The market will ask questions about Santos' valuation after this," Saul Kavonic, an energy analyst at MST Marquee, said by email. Investors may be wary about "any skeletons that may be lurking there, all the more so because XRG was a less price-sensitive buyer than most, yet still couldn't make it work." The failure of XRG's bid wasn't due to regulatory issues, nor did major due-diligence concerns arise, a source said. Santos had wanted XRG and its partners to pay any capital gains tax liability resulting from the sale, which was among obstacles to completion, the person said.

China continues receiving Russian LNG aboard sanctioned tankers

(Reuters; Sept. 15) - A fourth tanker carrying liquefied natural gas from Russia's sanctioned Arctic LNG 2 project discharged its cargo at a Chinese port on Sept. 14, four days after a third LNG vessel offloaded, LSEG ship-tracking data showed. The sanctioned Russian tanker Buran arrived at the Beihai LNG terminal in China's southwestern region of Guangxi on Sept. 12, carrying LNG loaded at the Arctic facility in Gydan in northern Siberia on Aug. 22, LSEG data showed.

China has received four cargoes from the sanctioned Russian project since late August. A fifth cargo, the U.S.-sanctioned vessel Iris, is underway, carrying LNG loaded at Gydan on June 28, according to LSEG's ship-tracking data. Arctic LNG 2, 60% owned by Russia's Novatek, was set to become one of the country's largest LNG plants, with a target output of 19.8 million tonnes per year, but Western sanctions have clouded its prospects for a full buildout and delayed deliveries from its operating production units.

Italy will help Sardinia turn to LNG and phase out coal-fired power

(Reuters; Sept. 12) - Italy plans to send two new units for the regasification of liquefied natural gas to Sardinia to help the island phase out coal, a government decree seen by Reuters showed. The island of Sardinia, population 1.5 million, off Italy's west coast, currently relies on two coal-fired power plants for its electricity and is slowly developing renewable energy capacity. The government has mandated Italy's gas grid operator Snam to set up a floating LNG storage and regasification unit in the port of Oristano.

The document approved by the government on Sept. 12 also mentioned the possibility of a second LNG import terminal in the northwest coastal town of Porto Torres in case one of the two coal plants is turned into a gas-fired power station. In addition, the government said that two existing LNG import terminals in continental Italy — one in Liguria and one offshore Tuscany — would be upgraded to be able to send small vessels loaded with LNG to Sardinia's new terminals.

The energy ministry said in an official statement released on Sept. 12 that the island would also add battery storage capacity and strengthen electricity connections with continental Italy and Sicily in order to phase out coal.

India cuts back LNG purchases in anticipation of lower prices ahead

(Bloomberg; Sept. 15) - India's annual liquefied natural gas demand is set to contract in 2025 for the first time in years, as buyers hold out for a surge in global LNG production that is expected to push down prices. The world's fourth-biggest LNG importer bought about 16 million tonnes of the super-chilled gas in the eight months through August, down 10% from a year earlier, according to ship-tracking data compiled by Bloomberg.

Purchases slowed as elevated spot prices made LNG less competitive against alternative fuels, while monsoon rains brought cooler weather and reduced power demand. The pullback offers some relief to a global gas market that's remained tight since Russia's 2022 invasion of Ukraine forced Europe to pivot to LNG, boosting competition with Asia. India's imports are expected to rebound as soon as next year, however, helped by a looming supply glut that should drag prices lower.

Projects coming online from the U.S. to Qatar starting in 2026 are set to add volumes that will outstrip global demand growth through the rest of the decade. "We expect the dip in 2025 is a temporary price-driven phenomenon," said Kaushal Ramesh, vice president for gas and LNG research at Rystad Energy. "The years ahead will see more contracts ramp up and also lower spot prices."

Oil drilling wastewater gushes 100 feet into the air in Texas

(Bloomberg; Sept. 16) - Hawk Dunlap fought fires and blowouts in oil fields around the world over a 30-year career, but nothing prepared him for what he found when he came home to Texas. There, on the Permian Basin's dusty expanse, Dunlap encountered towers of toxic wastewater that gushed more than 100 feet in the air, bursting through oil wells cemented shut decades ago. It was unlike anything he'd ever seen in Algeria, Uzbekistan or Iraq. So was the resistance to his attempts to figure out the cause.

When Dunlap was asked by a rancher to investigate leaking wells owned by Chevron, he expected state regulators to help. Instead, the commission that oversees oil and gas operations in Texas directed the rancher's concerns to its lawyers. Relations with Chevron deteriorated into an acrimonious lawsuit. And after the rancher captured drone footage of wastewater spewing high into the sky, the state regulatory commission made the area a no-fly zone, citing safety concerns.

Three years after Dunlap began investigating, the wells are still leaking. The problem of too much wastewater is spreading across America's biggest oil field, posing a pressing threat to a basin that has grown into a cornerstone of global markets and is critical to the president's push for energy dominance. For each of the 6.4 million barrels of crude oil produced in the Permian every day, about three to five barrels of salt- and chemical-laden wastewater flow back out and must be disposed of underground.

By 2020, the volume had grown so large it was triggering earthquakes, prompting state regulators to tighten disposal limits. Producers agreed they would stop injecting into deep geologic zones near where the earthquakes were occurring if they could shift their wastewater to shallow zones instead. But state staff identified problems connected to shallow disposal. It was causing "regional ground uplift" from bulging underground reservoirs filled to the brim and "break-outs" of oil field waste onto the surface.

Multiple nations building up their icebreaker fleets

(Bloomberg; Sept. 16) - At a shipyard in Finland last month, workers cut the first steel for a new icebreaker. Over the next three years, about 10,000 tonnes of the metal will go into the hull before the vessel is carried across the ocean to Quebec for completion. The Arpatuuq, expected to launch in 2030, will be the first heavy icebreaker built — at least partly — in Canada in over 50 years. The C\$3.3 billion ship will be 456 feet long with a helipad, hangar and room for 100 crew. "Moon pools" midship will provide direct access to the Arctic Ocean for polar research and, potentially, military surveillance.

A second heavy icebreaker, the Imnaryuaq (both named for Inuit locations), is under construction at Vancouver's Seaspan Shipyards in British Columbia. Canada has only a single heavy icebreaker in service today, and it's in bad shape. In all, the Canadian government has funded two dozen icebreakers to more than double the fleet. U.S.

President Donald Trump has his own icebreaker ambitions: To the current U.S. fleet of three, he wants to add 48. The tax bill that passed into law this year earmarked US\$8.6 billion to get started. It's enough to fund 17 vessels, according to the U.S. Coast Guard.

Thawing of the top of the world from climate change has stirred a global competition to forge new, previously unnavigable shipping routes and access once-remote oil and gas fields and stores of minerals. The big melt also opens up formerly ice-bound areas to military activity. Russia is the clear world leader with 47 icebreakers in service, according to Mikhail Grigoriev, director of the Moscow-based Gecon consultancy. China, Sweden and other countries are also in the process of expanding their fleets, according to Finnish engineering firm Aker Arctic Technology Oy.