

# Oil and Gas News Briefs

## Compiled by Larry Persily

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#### **Reuters reports Japan hires Wood Mackenzie to assess Alaska LNG**

(Reuters; Sept. 8) - Japan has hired energy consultancy Wood Mackenzie to assess a proposed 800-mile Alaska gas pipeline and liquefied natural gas plant in a sign it is weighing support for the \$44 billion project touted by U.S. President Donald Trump, two sources with knowledge of the matter said. The assessment could help assuage lingering concerns among potential Japanese off-takers and investors about a project that has languished for decades due to cost and logistical challenges, said one of the sources, requesting anonymity due to the sensitivity of the matter.

The scope and cost of the deal with Wood Mackenzie is unclear, as is whether any resulting report will be made public. Since returning to office, Trump has promised to push forward the mammoth project to move gas stranded in Alaska's remote north across the state before being chilled into a liquid and shipped overseas. Final terms of that trade deal agreed last week included a commitment by Tokyo to explore a new off-take agreement for Alaska LNG. Japan also pledged \$550 billion of unspecified U.S.-bound investments in sectors such as energy and pipelines.

Despite Trump's optimism, several Japanese officials and energy industry leaders have voiced doubts about the cost of the Alaska project that might make the gas supply expensive relative to other sources. A spokesperson for JERA said it was "considering" the project. Tokyo Gas said it was "one of the candidates for procurement." Inpex said nothing had been decided on the project. Osaka Gas and Mitsubishi declined comment.

Wood Mackenzie has conducted three studies on the Alaska LNG project over the past decade commissioned by the state and other stakeholders. A 2016 study ranked it poorly against other projects, though a 2022 review which assumed different financing structures and cost reductions deemed it to be competitive with U.S. Gulf Coast supply.

#### **U.S. LNG building boom continues, but competition is growing**

(Bloomberg; Sept. 5) – U.S. developers are racing to cash in on the nation's natural gas export boom while they still can. The massive U.S. buildout of terminals that produce and ship liquefied natural gas has transformed the nation into the world's top exporter. But plants still in development are facing a tight deadline: By 2027, global LNG supply will exceed demand, BloombergNEF estimates. By 2030, U.S. rival Qatar will have finished its own years-long LNG buildout, further damping appetite for new terminals.

And by 2031, a massive pipeline expansion by Gazprom could begin funneling more of Russia's natural gas to China, possibly displacing as much as 40 million tonnes of LNG demand per year, according to BloombergNEF. Even the \$35 billion in U.S. plants already under construction face headwinds amid a tight labor market that's threatening to push back timelines. Golden Pass LNG, being jointly developed in Texas by ExxonMobil and QatarEnergy LNG, is coming online in 2025, one year later than scheduled following a worker shortage and the bankruptcy of its main contractor.

In addition to Golden Pass, three other Gulf Coast projects are under construction: Louisiana LNG, developed by Woodside Energy, at up to 27.6 million tonnes annual capacity; Cheniere Energy's 3-million-tonne expansion of its terminal at Corpus Christi, Texas; and Venture Global's CP2 project in Louisiana, at 28 million tonnes at full buildout. In addition, four more U.S. projects with the capacity to export 63 million tonnes of LNG a year are awaiting final investment decisions.

### **U.S. Gulf Coast LNG sector thriving, but challenges ahead**

(Business and Industry Connection; Sept. 3) - The Texas and Louisiana Gulf Coast has emerged as the world's epicenter for LNG export development. Across the region, pipelines, liquefied natural gas terminals, petrochemical complexes and manufacturing hubs are reshaping the economic landscape. Today, the region accounts for nearly one-fifth of global LNG exports — a share expected to rise to approximately 40% within the next decade as new capacity comes online.

But this wave faces intensifying headwinds, from rising capital costs to tighter credit conditions and evolving trade risks. Eight approved Gulf Coast export facilities are advancing toward final investment decisions. Meanwhile, six major LNG projects under construction are set to add nearly 103 million tonnes a year in new production capacity.

But delivering on this potential is becoming more challenging. Elevated interest rates and persistent term premiums have driven long-term borrowing costs to decade highs. The latest Haynes Boone Energy Bank Survey highlights a cautious financial environment, with banks maintaining conservative price forecasts that directly constrain producers' access to capital. The result is compressed returns, rising project risk premiums and growing pressure to prioritize only the most resilient developments.

Beyond domestic challenges, the competitive landscape is evolving rapidly. China's energy investment now exceeds \$2 trillion annually, driven by massive energy, grid and technology spending — dwarfing the Gulf Coast's energy infrastructure expansion. China's scale underscores the urgency for Gulf Coast stakeholders to navigate rising capital costs, shifting regulations and global competition with strategic alignment.

## **U.S. LNG projects increasingly use modular construction to cut costs**

(Reuters; Sept. 3) - U.S. liquefied natural gas exports and plans for even more exports are soaring on rising global demand and favorable U.S. government policies. Many developers, however, are turning to modular construction to mitigate rising costs. In addition to their cost-saving efforts, a number of LNG developers have sought to renegotiate higher prices with buyers to help cover the expense of sharp increases in labor wages, U.S. steel tariffs and supply chain constraints.

"Developers face tough choices on EPC (engineering procurement construction) contracting, material sourcing and risk allocation to maintain competitiveness in an increasingly expensive environment," research group Wood Mackenzie said in a report in July. Modular construction involves the fabrication of individual sections of the LNG plant in a controlled factory environment before moving them to the site for assembly.

"Modular construction has the potential to reduce construction costs by offshoring both labor and equipment needs," James Wyper, senior managing director at infrastructure investor Stonepeak, told Reuters. Stonepeak acquired a 40% interest in Woodside Energy's 16.6 million-tonne-per-year Louisiana LNG project in April 2025; the project will include modular construction. "It can also shorten the construction timeline as certain tasks can be dual-tracked when the modules are pre-assembled offsite versus a more constrained stick-build (on-site) construction environment," Wyper said.

## **Canadian LNG project confirms 73% escalation in construction cost**

(Vancouver Sun; Sept. 5) - Cost overruns at a natural gas liquefaction plant north of Vancouver, British Columbia, touted as a first-of-its-kind energy project because of its use of electricity to power its turbines, have ballooned its price tag to US\$8.8 billion from an initial estimate of \$5.1 billion. Woodfibre LNG quietly revealed the extent of the rising costs as it prepared to mark the halfway point of construction this week with the delivery of four more of its prefabricated production plant modules to its site on Howe Sound.

The company cited a list of key cost drivers: remediation of the almost 100-year-old pulp mill site, geotechnical complexities, construction inflation, the logistics of marine transportation of materials and workers and "best-in-class" environmental monitoring co-designed with the Squamish First Nation. It also noted "significant investments in electrification and net-zero readiness," a hallmark of the project since its inception. The project partners are Pacific Energy (70%), part of a Singapore-based group of companies, and Enbridge (30%), a Calgary-based energy company.

Woodfibre's news release said the cost increases reflect "the evolving realities of delivering a complex, first-of-its-kind energy project in Canada." And although the new price represents a 73% increase, project spokesperson Sean Beardow, in a statement, said the "revised project cost does not affect our financing." No one from Woodfibre was

available for an interview to elaborate on how much each of the factors cited increased costs or to discuss financing. Woodfibre LNG is on schedule to start production in 2027, at a production capacity of 2.1 million tonnes per year.

### **New gas pipeline would boost China's reliance on Russian supply**

(Reuters commentary; Sept. 4) - The high-stakes energy diplomacy in Beijing this week signals China's willingness to defy U.S. President Donald Trump's efforts to isolate Russia and assert U.S. energy dominance. Russia's gas giant Gazprom announced a memorandum with China for the construction of Power of Siberia 2, a 1,615-mile gas pipeline that would run between the two countries. The project has struggled to take off after more than a decade of fruitless talks.

Additionally, both sides agreed to raise the volume of Russian gas deliveries to China via a pipeline from Sakhalin Island in Russia's Far East. It's all more indication of the growing ties between Beijing and Moscow, but more importantly it's a signal that China is not planning to back down in the face of U.S. pressure. Of course, several major hurdles remain for the new Siberian gas pipeline. First and foremost, the sides have yet to agree on the price of the gas that will be moved through the line.

It also remains unclear whether China will require the additional volume. Chinese companies in recent years have signed many long-term liquefied natural gas supply deals, including with U.S. producers. On top of that, China ramped up its domestic gas production by 28% between 2020 and 2024. The bigger problem, however, could be strategic. Completing the new pipeline would cement Russia's position as the biggest natural gas supplier to China — and that could be a concern for Beijing.

Russia supplied 22% of China's gas imports in 2024, including pipeline gas and LNG, according to data in the Energy Institute's Statistical Review of World Energy. Adding 1.76 trillion cubic feet a year of capacity in the new Siberian line would double Russia's share of China's gas imports, seemingly undermining Beijing's decades-long effort to reduce its reliance on imports and diversify supplies. But in today's global environment, it might matter more that China and Russia appear politically invested in the project.

### **China receives second LNG cargo from sanctioned Russian plant**

(Bloomberg; Sept. 6) - A second tanker carrying liquefied natural gas from a U.S.-sanctioned Russian export plant arrived in China on Sept. 6, as Beijing continues to expand its relationship with Moscow in defiance of Washington. The Voskhod tanker, which is carrying a cargo from the Arctic LNG 2 plant, landed at the Beihai import terminal in China's south, according to ship-tracking data compiled by Bloomberg. The tanker carried a shipment from the U.S.-sanctioned Arctic LNG 2 export plant in Russia.

The first shipment from Arctic LNG 2 made it to China in late August. It came ahead of a visit by Russian President Vladimir Putin to China, during which the two nations cemented their energy relationship with a series of gas pipeline agreements. At least three more vessels from Arctic LNG 2 appear to be on the way to China, Bloomberg's vessel-tracking data shows. Arctic LNG 2 had faced issues in finding buyers after it was blacklisted by U.S. President Joe Biden's administration in 2023.

Other shipments may take longer to reach to China as ice has built up in the Northern Sea Route, making it difficult for traditional vessels to traverse the shorter route to Asia. Arctic LNG 2, 60% owned by Russia's Novatek, was set to become one of the country's largest LNG plants, with target output of 19.8 million tonnes per year, but sanctions have clouded its prospects.

### **OPEC+ agrees to additional production boost in October**

(Wall Street Journal; Sept. 7) - The Organization of the Petroleum Exporting Countries and its allies agreed to raise oil output further next month, despite broader concerns about a looming supply glut. After an online meeting on Sept. 7, eight OPEC+ members said they will boost production by 137,000 barrels a day in October, further rolling back voluntary cuts they had put in place. The alliance, which comprises OPEC and other top producers including Russia, had been expected to keep output steady until recent days.

Oil prices are lower, with Brent trading around \$65 a barrel amid growing concerns of a potential OPEC+ supply increase and an unexpected buildup in U.S. crude inventories. Brent and West Texas Intermediate have both retreated by more than 10% this year. OPEC+, which pumps about half of the world's oil, had been curtailing production for years to support prices, but has recently shifted course in a bid to boost market share.

The output increase announced on Sept. 7 starts to unwind a tranche of curbs totaling 1.65 million barrels a day that had been set to remain in place until the end of next year. OPEC+ members said the barrels may be restored in part or in full "subject to evolving market conditions." The alliance already had agreed to fully reverse a 2.2-million-barrel cutback it made in 2023 with a series of output increases from April to September.

Actual OPEC+ production has fallen short of pledged volumes in recent months, as some members restricted output to compensate for earlier overproduction. Still, analysts worry that the group's increases — along with rising output from producers outside the alliance — will be enough to tip the market into a surplus in the first half of 2026.

## **Big Oil caught between Trump and past climate goals**

(Wall Street Journal; Sept. 3) - Big Oil has a tough balancing act: Help further President Donald Trump's "energy dominance" agenda — and stick to its climate goals at the same time. The Trump administration has made undoing climate rules a cornerstone of its energy policy. One of its objectives is to bring production costs down and motivate drillers to unleash a torrent of fossil fuels. Trump ordered that the U.S. withdraw from the Paris climate agreement — the international accord to limit global warming — and gutted much of former President Joe Biden's signature climate law.

The assault on climate initiatives puts large drillers such as ExxonMobil, Chevron and Occidental in an awkward posture. They have pledged to curb their emissions — and unveiled plans to spend billions of dollars on low-carbon technologies such as carbon capture and storage, hydrogen and biofuels. But touting their sustainability goals risks antagonizing the administration, which is pressuring drillers to pump more.

Dialing back their goals, however, could put them in the crosshairs of a future president who follows the scientific consensus on climate change and could ultimately cost them more money. Some of Trump's allies have been frustrated with oil-and-gas CEOs who have mentioned emissions-reduction efforts in meetings, according to people familiar with the matter. In recent months, ConocoPhillips and Chevron have watered down their climate goals or glossed over them in reports. Others, such as Exxon and Occidental, have reaffirmed their objectives — and also their goal to produce more oil and gas.

"In the end, this is becoming a moment where industry really has to choose what side it's on," said Andrew Logan, senior director at Ceres, a nonprofit that works with investors and companies on sustainability.

## **U.S. power producers add plans for more gas-fired plants**

(Reuters commentary; Sept. 4) - U.S. power developers are planning to sharply boost natural gas and hydropower generation capacity and are cutting back on plans to add new solar and wind farms, according to recent data on the U.S. power capacity lineup. As of mid-2025, U.S. power developers had just over 114,000 megawatts of natural gas capacity under construction or in so-called pre-construction, according to data from Global Energy Monitor (GEM).

That capacity total is more than twice as large as what was in developer pipelines a year ago. Gas plants are the single-largest power source among all planned capacity additions at the construction and pre-construction stages, GEM data shows. Developers have also sharply lifted planned hydropower and nuclear generation capacity from a year ago, and have made cuts to solar and wind capacity plans compared to mid-2024.

The large changes within the planned power capacity mix highlight the impact of the sudden swing in federal government energy policies following the reelection of President Donald Trump. The gas-heavy development schedule also underscores how utilities are prioritizing dispatchable power sources over intermittent renewable energy as they scramble to ensure that electricity supplies keep up with rapidly rising demand. Natural gas plants make up around 46% of currently operational U.S. power capacity, and 36% of capacity at the construction and pre-construction phases.

### **Permian accounted for 93% of U.S. oil output growth 2020-2024**

(Houston Chronicle; Sept. 4) – Ten counties within the Permian Basin — eight in Texas and two in New Mexico — accounted for 93% of the country's growth in oil production over the past four years, according to a new report from the U.S. Energy Information Administration. The report, released Sept. 2, shows that between 2020 and 2024, the 10 counties in the Permian were responsible for 93% of the 1.9 million-barrel-per-day increase in U.S. crude oil and condensate production, a light hydrocarbon.

By comparison, production growth from across the rest of the country, including offshore operations in state and federal waters, totaled 130,000 barrels a day. But production growth across the Permian comes as employment numbers have stagnated, and in some recent cases dropped, as shale producers face increased drilling costs.

"We are, through mid-year 2025, producing record volumes of crude oil and natural gas in Texas, with fully one-third fewer direct upstream oil and gas employees in Texas compared to the industry peak in 2014," said Karr Ingham, president of the Alliance of Texas Energy Producers. "That is an otherworldly achievement in terms of efficiency and productivity growth." Between June and July, about 3,000 upstream workers in Texas lost their jobs, according to data from the Texas Workforce Commission.

### **Canada looking at boosting oil flow through export line to west coast**

(CBC News; Canada; Sept. 4) - A little more than a year after completing construction of the Trans Mountain oil pipeline expansion project, the Crown corporation that owns the line is pursuing two different methods to increase how much oil can be exported. The move comes at a time when the line still isn't operating at full capacity. The C\$34 billion expansion began moving oil from Edmonton to the Vancouver area in May 2024. The pipeline is operating at about 80% to 85% of capacity, Trans Mountain officials say.

The plan was to begin looking at possible increases to pipeline capacity in about 2028, but the timeline has sped up as oil output in Alberta continues to climb. The size of the pipeline won't change, but the Crown corporation is exploring the use of drag-reducing



agents to increase the amount of oil that can be transported. A second project would explore building stronger pumping stations to push more oil through the pipe.

The drag-reducing agents are chemicals that would have a relatively low price tag, said Todd Stack, Trans Mountain's chief financial officer, and should result in about a 5% to 10% increase in capacity, or about 50,000 to 85,000 extra barrels of oil per day. Adding more pumping power would be more expensive and take longer to complete, said Stack, estimating the cost at about \$3 billion to \$4 billion. The Crown corporation will spend the next year exploring the optimization project before making a final investment decision next year, followed by what would be another few years of construction.

### **BP, Eni joint venture will invest \$5 billion in Angola oil and gas**

(Reuters; Sept. 3) - Azule Energy, the joint venture between BP and Italian oil and gas explorer Eni, expects to invest another \$5 billion in Angola over the next four to five years, Eni's Chief Operating Officer Guido Brusco said on Sept. 3. The latest investment in new and existing projects will match investments in oil and gas projects since the joint venture launched three years ago in Sub-Saharan Africa's No.2 oil producer.

Angola has overhauled its regulatory regime, wooing new investments as the former OPEC member looks to maintain its oil production above 1 million barrels a day. "We have in the next four to five years 18 wells to be drilled, which two-thirds are operated by Azule and one-third by others," Brusco said on the sidelines of an oil and gas event.

### **Texas LNG developer signs up another customer for expansion**

(Reuters; Sept. 3) - U.S.-based energy company EQT will purchase 1.5 million tonnes per year of liquefied natural gas from NextDecade's Rio Grande export facility in Texas for 20 years, the companies said on Sept. 3. NextDecade will supply the fuel from its fifth liquefaction train at Rio Grande. The agreement is subject to NextDecade making a positive final investment decision on Train 5, which is expected in the fourth quarter.

NextDecade is building Rio Grande LNG with a capacity of 17.6 million tonnes per year. It is also developing Trains 4 and 5 with a combined additional capacity of 10.8 million tonnes per year. The company expects a positive FID on Train 4 by Sept. 15, and to complete commercialization plans for Train 5 in the third quarter followed by an investment decision before the end of the year.

LNG developers typically reach FID on projects after securing enough customers to obtain financing for construction. NextDecade has signed similar agreements with top oil producer Saudi Aramco, TotalEnergies and Japan's biggest power generator JERA. The company has extended the price validity period under its engineering, procurement



and construction contract with Bechtel Energy for Train 5 until Nov.15 from Sept. 15. Total costs for Train 5 and related infrastructure are expected at about \$6.7 billion.

### **Shell reportedly looking to sell its stake in Australia LNG plant**

(Bloomberg; Sept. 4) - Shell is exploring the sale of its interest in the A\$34 billion (US\$22 billion) North West Shelf liquefied natural gas export plant in Western Australia, according to people with knowledge of the matter. Shell is testing the market for possible buyers of its 16.67% stake, which could be worth more than \$3 billion, the people said, asking not to be identified because they're not authorized to talk to media. The North West Shelf LNG plant is Australia's oldest and largest.

While Shell is doubling down on LNG globally as it sees gas demand rapidly rising in the coming decades, it is looking to exit North West Shelf due to its planned transition into a so-called third-party tolling facility, where buyers pay a fee to liquefy the gas. That type of model doesn't fit with Shell's strategy and portfolio, the people said. While the owners of a tolling facility earn a liquefaction fee regardless of the market price for LNG, they do not control the cargoes and gain nothing extra during times of high prices.

"Shell regularly assesses its portfolio to inform disciplined capital allocation," the company said in a statement. The move to shop around its North West Shelf interest comes after Shell in 2023 sold its share in the Browse gas venture, which would feed gas into North West Shelf to extend its life. Woodside, which operates North West Shelf, has been consolidating its holdings of the asset in order to continue operating the plant for decades. But the company has struggled to get partners aligned on its strategy.

### **ADNOC may have to invest in Australia to close deal on Santos**

(Reuters commentary; Sept. 5) - The \$18.7 billion bid by Abu Dhabi National Oil Co. (ADNOC) for Australian liquefied natural gas producer Santos is facing a far higher hurdle than just the amount of money. It's the politics of the transaction, which would be Australia's largest-ever cash takeover, that are looking increasingly hard to overcome. ADNOC launched the bid for Santos, Australia's second-biggest oil and gas company, in June and initial due diligence was due to be completed by August. This was delayed in August to Sept. 19, even though no major issues were identified with the deal.

The delay and the fact that Santos' shares are still trading well below the indicative offer price are signs that the deal is struggling. The proposed takeover was a major talking point at this week's South East Asia Australia Offshore and Onshore Conference in Darwin, capital of Australia's Northern Territory and home to Santos' Darwin LNG plant, which is about to be restarted. Industry and government participants largely expressed the view that the deal was just not compelling enough from an Australian point of view.

Other than a good payout to Santos shareholders, the question is why would Australia want to sell some of its crown jewel LNG assets, as well as add fresh complications to a domestic gas market battling high prices and a lack of future supply. So, what would ADNOC have to do to get the deal over the line? The major problem is that ADNOC is planning on buying operating assets and has yet to outline a clear path for how it would grow the business and invest in Australia. To up the odds of winning political support, it's likely ADNOC is going to have to talk more about its plans and its commitments.

### **Sanctioned oil-producing nations add to their shadow tanker fleets**

(S&P Global; Sept. 3) - Russia, Iran and Venezuela, faced with tightening Western sanctions, have teamed up with opaque shipping players to acquire a large number of tankers in recent years to maintain their oil revenues. The shadow fleet now comprises 978 tankers, approximately 18.5% of the global oil tanker fleet, according to S&P Global Commodities at Sea and Maritime Intelligence Risk Suite data.

This shipping capacity used to transport the OPEC+ producers' sanctioned oil has continued to expand in recent quarters — 889 tankers with 112 million deadweight tons were estimated to be used for sanctioned trades in November 2024, based on a previous study. Much of the growth came from the expansion of a pool of vessels shipping oil produced by more than one of the sanctioned countries, underscoring the flexibility of shadowy operators in their relentless chase for profits.

The ships tend to be old and uninsured and turn off their location transponders in offshore oil transfers to disguise cargo origins, prompting widespread concerns in the global shipping community. But the sanctioned countries can still rely on the ever-evolving logistics network to keep oil flowing, with China, the world's No. 1 seaborne crude importer, generally willing to receive the shipments.