Oil and Gas News Briefs
Compiled by Larry Persily
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Canadian government backs new oil export line, more LNG projects

(Financial Times; London; July 2) - Canada has taken a crucial step toward building an oil pipeline to supply Asia with up to 1 million barrels of crude daily as Prime Minister Mark Carney seeks to make the nation an “energy superpower” and break its dependence on the U.S. market. Carney said Alberta had submitted plans to the federal Major Projects Office to break ground on a more than 600-mile pipeline stretching from Alberta’s oil sands region to British Columbia’s West Coast. “Canada has …an opportunity that will determine our future,” he told reporters in Calgary on July 2.

The pipeline route would follow the Trans Mountain pipeline corridor to the coast. Trans Mountain Corp., a federal Crown corporation, will build the line with help from Pembina Pipeline Corp. and become “a gateway to the world’s fastest-growing markets,” Carney said. The series of announcements on July 2 “will catalyze well over C$200 billion (US$141 billion) in new direct investments in Canada.” The country also will “more than triple” its liquefied natural gas production by developing five terminals over the next decade, while Ottawa will spend C$10 billion upgrading the Vancouver port, he said.

Alberta Premier Danielle Smith wants to double the province’s oil production and have the pipeline built by 2035 to generate “billions in revenue over the coming decades.” The pipeline is part of Carney’s push to reduce reliance on U.S. markets. Canada ships nearly all of its oil to the U.S., supplying about 60% of American oil imports, or about 4 million barrels per day. Carney has pledged to double Canada’s non-U.S. trade as President Donald Trump threatens to impose 100% tariffs on its northern neighbor.

Canadian, Alberta governments will hold majority stake in new oil line

(Reuters; July 2) - Canada announced plans to build a new oil pipeline from Alberta to the Pacific coast, which would give the world's fourth-largest oil producer greater capacity to export to Asia and ease its reliance on the United States. Prime Minister Mark Carney made the announcement in Calgary alongside Alberta Premier Danielle Smith, whose government said construction of the 1-million-barrel-per-day pipeline would begin as early as September 2027.

The plan marks the culmination of months of political wrangling and compromise on all sides. It represents the Carney government's attempt to balance Canada's environmental ideals with the economic reality posed by U.S. President Donald Trump's tariffs policy. "We’ve agreed the time for action is now," said Carney. The pipeline could make Canada a major global energy supplier, as Asia's top importers seek oil from outside the Middle East in the wake of the Iran conflict.

No cost estimates have been released for the line, which will be built by government-owned Trans Mountain Corp. in coordination with Pembina Pipeline to move crude from Alberta's oil sands to British Columbia's West Coast. The federal government through Trans Mountain and the government of Alberta through its Alberta Petroleum Marketing Corp. would be majority owners of the pipeline. Pembina would have a 10% stake through construction, with the opportunity for up to an additional 10% once the project enters operation. Smith said funding details of the project are still being negotiated.

Canadian government-owned company would help build new oil line

(Bloomberg; July 2) - Trans Mountain Corp., a pipeline operator owned by the Canadian government, has been tapped to build a new export line connecting Alberta's oil sands to a Vancouver-area port, Prime Minister Mark Carney said on July 2. The proposed 1 million-barrel-a-day pipeline will link to a deepwater port capable of receiving Very Large Crude Carriers, or VLCCs, with the goal of "meeting significant Asian demand from countries like Japan, Korea, China and India," according to the government of Alberta.

The project will largely follow the route of the existing Trans Mountain line, Carney said. That's the only pipeline in Canada that reaches an ocean port, which limits Canada's ability to send oil to markets other than the U.S. "Canada and Alberta will be equal partners in this project, and there will be a meaningful ownership stake for Indigenous communities," Carney said, speaking alongside Alberta Premier Danielle Smith.

Carney and Smith both want to diversify Canada's exports to become less reliant on the U.S. market after President Donald Trump launched a trade war last year. Selling more oil to growing Asian markets such as India and China will allow Canada to get better prices per barrel, they believe, boosting Alberta's wealth and helping shield the economy from the protectionism that has defined U.S. trade policy under Trump.

The two leaders are effectively providing a government backstop for a complex energy project that is certain to cost tens of billions of dollars. The Alberta government said construction could cost between C$35.2 billion (US$24.8 billion) and C$43.7 billion if investment is greenlit in the next three years. Calgary-based Pembina Pipeline will help build the new line for an initial 10% stake in the project with the option to raise the stake to 20% when the line is operating. The project has been submitted to the federal Major Projects Office for review — a process that may qualify it for faster regulatory approval.

Proposed Canadian oil line worries Washington state interests

(Washington State Standard; July 2) - The province of Alberta on July 2 announced a route for a new, one-million-barrel-per-day oil pipeline to Canada's West Coast that terminates within about a mile of Washington state waters. Environmental interests on the U.S. side of the border are worried. Alberta Premier Danielle Smith and Canadian Prime Minister Mark Carney on July 2 jointly detailed the fast-tracked plans for the new pipeline stretching from Alberta to a new export terminal capable of handling supertankers for Asian markets. The terminus is the Port of Vancouver expansion.

Tankers traveling from the port pass by Washington state's San Juan Islands and Olympic Peninsula as they head to sea. A spill in Canadian shipping lanes could easily reach north Puget Sound, the Strait of Juan de Fuca and Washington's outer coast, threatening ecosystems and killer whale habitat. The new line could result in substantial tanker traffic through the shared waters of the Salish Sea, warned Lovel Pratt, marine protection and policy director for the environmental group Friends of the San Juans.

Northern Washington tribes, including the Lummi, Samish, Swinomish and Makah, strongly opposed a previous Canadian pipeline expansion and can be counted on to oppose this one too. The tribes argue that the large increase in vessel traffic endangers their treaty rights and threatens vital fisheries. If there's a spill in the area, "oil knows no boundaries," Pratt said. "There needs to be a wake-up call," said Fred Felleman, an environmentally minded Port of Seattle commissioner, who said he was speaking in his personal capacity. "This is an important time for the state to assert its interests."

Restored Mideast oil supply drives down prices, drives up risk of glut

(Bloomberg; July 4) - Oil prices are falling everywhere as a peace deal between the U.S. and Iran unleashes a wave of supply, overwhelming demand from buyers and prompting talk of a glut. It's a staggering turnaround: Less than three months ago the world's main physical oil benchmark hit an all-time high, and only a few weeks ago industry executives were warning that global inventories were near critically low levels.

Today, the future of the conflict is still uncertain and much Middle Eastern production remains offline. Global inventories have indeed been dramatically drawn down during the war. Yet Brent crude futures have erased all their wartime gains — tumbling 43% from a high in late April — while the physical oil market is flashing signs of a demand weakness that is more extreme than any time since the demand collapse of COVID.

For the global economy, the switch from famine to feast means that worries of an oil-led inflation spike are all but vanquished. For OPEC, it means that questions about how quickly they can restore production may soon be replaced by questions about whether they are ready to curb supply to prop up prices — or ultimately find themselves in a fight for market share. "The market is facing the risk of a temporary glut as trapped oil finally re-enters a system that has already spent months learning how to function without it," Natasha Kaneva, the head of commodities research at JPMorgan Chase, said in a note.

It will take time to refill global oil stockpiles

(Wall Street Journal; July 5) - Oil prices have fallen to prewar levels. Tanker traffic through the Strait of Hormuz is recovering fast. Gulf producers are already restarting idled wells. But one thing will take much, much longer — refilling the world's oil coffers. Speed matters. The amount of oil in storage around the world is playing a central role in the U.S.-Iran power dynamics. The faster countries restock their buffers, the weaker Iran's ability to threaten the world economy by holding the Strait of Hormuz hostage.

Oil storage is a mix of commercially owned tanks that sit near refineries, ships kept laden at sea and government-run strategic reserves. Inventories in the Organization for Economic Cooperation and Development, a group of mostly wealthy countries, fell by 163 million barrels from March to May to their lowest level since December 1990. Refilling global stocks is likely to take months if not years.

Two factors that will help rebuild stocks: falling prices and a surprising glut of oil. "The surge in oil supply is about to collide with a market that, at least for now, simply does not need it," said Natasha Kaneva, head of the global commodities strategy team at JPMorgan. Some are predicting oil prices — currently around $70 a barrel — will fall even more in the months ahead, providing further relief. Analysts at Macquarie and Citigroup both forecast this past week that prices could sink to $60 in coming months.

Part of the reason for the projected price decline is that it will take time before strategic-reserve managers start buying again. Washington's focus is on keeping prices low, "it has little incentive to bid aggressively for barrels to refill it now," said Rahul Choudhary, an oil and gas research analyst at Rystad Energy.

Saudi oil exports surge to nearly pre-war level

(Bloomberg; July 2) - Saudi Arabia's crude oil exports have surged close to their pre-war levels as the kingdom starts getting its tankers through the Strait of Hormuz again, one of the most emphatic indications yet that Persian Gulf shipments are normalizing in the wake of an interim peace deal between the U.S. and Iran. The world's top exporter shipped 6.3 million barrels a day in the six days through July 1, tanker-tracking by Bloomberg shows. That puts flows at about the same as their 2025 average and at almost 90% of February, the month before the Iran war began.

On July 2, four of the nation's oil supertankers, with a combined transport capacity of 8 million barrels, popped up on ship-tracking systems in the Gulf of Oman, having previously been at Saudi Arabia's main export installations inside the Persian Gulf. While short-term averages of cargo flows are volatile, Saudi ships have been ramping up volumes from Ras Tanura over the past week. That's boosted exports alongside flows via pipeline to the port of Yanbu on its west coast.

The 6.3 million-barrels-a-day figure is a combined count of shipments from both Yanbu and Saudi Arabia's Persian Gulf facilities. If sustained, the shipments would mark a significant jump on June levels, which were at about 4.5 million barrels a day, according to tanker tracking data compiled by Bloomberg. Oil-price futures have slumped the past few weeks, erasing all their gains from the war as increased shipments from the Middle East created a surplus of cargoes. Traders are fixated on the pace and scale of how fast the region's exports can get back to normal, returning millions of barrels a day of supply.

Citigroup says Brent could drop to $60 by year-end

(Bloomberg; July 2) - Brent oil could extend declines to $60 a barrel by year-end as disruptions in the Strait of Hormuz ease, according to Citigroup, adding to a chorus of bearish outlooks for the global crude market. "Fundamentals are rapidly reasserting themselves," Citigroup analysts including Francesco Martoccia said in a note. "Shipping flows are normalizing, Chinese buyers remain absent, physical crude markets have weakened sharply, and inventories have drawn far less than expected."

Global energy markets are rapidly getting back to normal as the resumption of flows through Hormuz boosts near-term supplies, adding barrels for processors after they had secured alternatives. The result has been a swift collapse in prices, with Brent — the global benchmark — sinking by 30% in the second quarter and unwinding all of the gains seen during the conflict.

The initial period is "expected to be noisy as shipping routes normalize, insurance markets adjust and residual logistical bottlenecks work their way through the system," the analysts said. Among other banks, Goldman Sachs has said the global oil market is set to swing back into oversupply as the impact of the Iran war fades and traffic through Hormuz recovers. Morgan Stanley cut its forecasts twice in recent weeks, flagging the risks of a glut. Brent was just over $72 on July 3. It last traded below $60 in January.

OPEC+ members agree to another modest increase in quotas

(Bloomberg; July 5) - Major OPEC+ members agreed another modest increase to their production quotas for next month, adding to the prospect of more oil eventually hitting the market if a U.S.-Iran peace pact can stick. Seven nations led by Saudi Arabia and Russia agreed at a video conference on July 5 to add 188,000 barrels a day to their output target, OPEC said. It's in keeping with the group's plan to finish reversing output curbs made a few years ago.

The increases have been theoretical so far because the war blocked the Strait of Hormuz and stopped Persian Gulf members from ramping up exports. However, since an interim U.S.-Iran peace deal, the Saudis and their neighbors have started to restore shipments, helping drive a surplus in key Asian markets. Oil prices have tumbled 43% from their war-time peak to near $72 a barrel in London. With some forecasters predicting the re-emergence of a global glut, OPEC and its partners could soon face a choice between restraining output or fighting over market share — a potential price war.

The Organization of the Petroleum Exporting Countries is already facing a challenge to its unity, after founding member Iraq last month suggested it could ultimately exit if denied a higher production limit. The United Arab Emirates quit the organization in May over similar frustrations with OPEC's mandated output limits. Abu Dhabi has significant production capacity idled by the war to restart, and with ambitions to add more over time, could add pressure to prices and its former alliance counterparts.

Chinese refineries pick up discounted Middle East oil

(Bloomberg; July 2) - China's independent refiners are taking advantage of cheaper Middle Eastern oil after flows accelerated through the Strait of Hormuz, snapping up barrels from producers including Saudi Arabia and Iraq. Rongsheng Petrochemical Co. has bought Saudi crude on a spot basis for arrival in July, while Shandong Chambroad Petrochemicals Co. purchased Iraq's Basrah grade for August, according to traders with knowledge of the matter. Another processor, Shenghong Petrochemical Group Co., acquired Upper Zakum crude from the United Arab Emirates, they said.

Refiners in Asia have been inundated with offers as shipments through Hormuz picked up following an interim peace deal between Washington and Tehran, and the U.S. issued a temporary waiver allowing the purchase of Iranian crude. State producers Saudi Aramco and Abu Dhabi National Oil Co. have been offering their oil on more flexible terms in an effort to encourage higher sales.

Many of the cargoes sold by Aramco and Iraq were priced at discounts of as much as $5 a barrel to Brent futures on a delivered basis to China, said the traders, asking to not be identified discussing private information. Those levels are much cheaper than grades from West Africa and Brazil, which are the typical sources for their spot crude requirements, traders said. It's also comparable to, or possibly cheaper than recent offers for Iranian crude, they added.

[Iranian oil stacks up at sea as buyers appear hesitant]

(Bloomberg; July 2) - A hoard of Iranian oil is building up at sea, as the Islamic Republic struggles to find buyers before the expiration of a 60-day window granted by Washington. More than 20 million barrels of Iranian crude have been idling in Asian waters for at least seven days, up nearly 18% from a week earlier, according to Kpler. Estimates for the overall volume of the country's oil on water — either in transit or stationary — have ranged from 58 million to 68 million barrels since the U.S. sanctions waiver kicked in last week, according to data from Vortexa and Bloomberg calculations

More than 90% of these cargoes on water have no clear destination. The vessels are either indicating "for orders" or Singapore as their next port of call, a sign they may conduct ship-to-ship transfers in the Malacca Strait. A failure to quickly sell the crude would deprive Tehran of much-needed revenue and weaken its hand in negotiations with Washington. The Islamic Republic has until mid-August to find buyers after the U.S. lifted sanctions on the oil in June and ended a blockade of Iranian ports.

Demand from China's independent refiners — Iran's main customers prior to the war — has been muted as the refineries' run rates crash to a nine-year low. China's state-owned refiners have also stayed on the sidelines, citing concerns over the ability of banks to finance any deals. Iran faces several obstacles to selling the oil. European Union and U.K. restrictions are still in place, complicating insurance, while some ports may be hesitant to accept the dark-fleet vessels that Iran uses. There's also a chance the barrels could get stranded if President Trump decides to end the waiver early.

[Japanese companies talking with Iran about oil purchases]

(Reuters; July 3) - Iran has begun talks with Japanese companies under a U.S. sanctions waiver allowing it to resume oil sales, though prospective buyers are seeking a longer waiver and reassurances about ship safety, three Iranian and Western sources said. The U.S. waiver, part of 60-day peace talks between Tehran and Washington, was issued on June 22 and expires Aug. 21.

Three Japanese buyers were looking at possible crude oil purchases from Iran, their first since 2019, said two Iranian sources, who declined to be identified due to the sensitivity of the issue. Japanese and Iranian officials were in initial talks about possible oil sales, a Western industry source familiar with the matter said separately.

Japan, South Korea, India and European countries stopped buying Iranian oil when U.S. sanctions tightened following U.S. President Donald Trump's withdrawal from Iran's nuclear pact in 2018. China has been Iran's main buyer in recent years. Any Japanese purchases would be a matter for private companies, a government official said in June. The safety of any tanker voyage would also have to be ensured, the official said.

Natural gas to surpass oil as main energy source in U.S.

(Bloomberg; July 2) - For 75 years, petroleum has been the energy source that has powered the U.S. more than any other. That's about to change. By the end of the decade, natural gas will likely surpass oil for the first time after the gap all but disappeared in 2025. This seismic shift will end a chapter that began in 1950, when petroleum ended the longstanding reign of another fossil fuel: coal.

The transition from being a nation powered by oil to one running primarily on gas shows how much the economics of cheap gas has reordered parts of the energy sector and pushed out competing fuel sources. In 2025, natural gas comprised 36% of U.S. energy consumption, just shy of the petroleum's 37%, according to the U.S. Energy Information Administration. The gap between oil and gas has narrowed in the past decade as the shale revolution supercharged gas output. Over the same period, the U.S. economy electrified and the largest source of demand for domestic oil — gasoline — flatlined.

The sea change comes as electric vehicle use and data center development boosts electricity demand from gas-fired power plants. According to EIA data, the grid gets more than 40% of its power by burning gas. EVs have also contributed to waning demand for gasoline that is unlikely to return to highs, even as Americans drive more. "The facts don't lie: The U.S. is in the midst of an energy transition, away from coal and oil, toward electricity produced by gas and renewables," said Mark Brownstein, senior vice president of energy transition at the Environmental Defense Fund.

Texas will lead the nation in gas-fired power plants for data centers

(The Texas Tribune; July 2) - Texas is poised to lead the nation in power plants built to fuel data centers, according to a report from an environmental watchdog group that warns the plants would emit tons of greenhouse gases and air pollution that will cause significant climate impacts and risks to human health. At least 74 gas-fired power plants that would each generate at least 100 megawatts of electricity are planned across the nation to supply electricity to data centers, with 32 of those in Texas. That's more than any other state, according to a new analysis from the Environmental Integrity Project.

Those proposed Texas facilities could emit more than 287 million tons of greenhouse gases annually — equivalent to 61 million gasoline-powered cars driving for a year — according to Clean Air Act construction permit applications, draft permits and final permits for the data center power plants that EIP reviewed. In addition to greenhouse gases that can trap heat in Earth's atmosphere, those 32 plants could emit more than 14,000 tons of fine particulate matter, 20,000 tons of nitrogen oxides and 8,000 tons of volatile organic compounds if they all operate at maximum capacity, the report said.

The report comes as Texas finds itself at the center of the nation's AI boom, with at least 248 projects planned statewide, according to a Texas Tribune analysis. The state has become one of the top destinations because of its cheap land, available power and business-friendly policies. An increasing number of developers are proposing to build on-site gas plants to power their data centers rather than relying solely on the state grid.

LNG prices remain high as Qatari exports stall

(Bloomberg; July 2) - An abrupt slowdown in liquefied natural gas shipments through the Strait of Hormuz brings bad news for consumers in Asia and Europe. While oil tankers have been moving in and out of the Persian Gulf in greater numbers since the U.S.-Iran peace deal, LNG cargoes from Qatar have been near-paralyzed since Iranian attacks on ships last week. It's a reversal of the activity in the days prior, when empty tankers were lining up near Qatar's Ras Laffan complex, the world's largest LNG export facility.

The impact on prices is stark. While oil futures have fallen to prewar levels, benchmark LNG prices remain around 70% above where they were at the end of February. There are several possible reasons for the faltering revival in the country that accounted for about a fifth of global LNG supply before the conflict. It's more technically demanding to resume operations at a site as complex as Ras Laffan. An explosion and fire during the restart of a plant that supplies gas locally, which killed 13 people and injured 66, raised concerns about potential delays to the resumption of separate LNG export facilities.

State-owned QatarEnergy said it didn't expect the accident to affect LNG shipments. But these events are challenging expectations that Qatar, the world's second-largest LNG supplier, will rapidly resume exports. QatarEnergy has extended a force majeure on some shipments to Asia and Europe, while continuing to sublease out its vessels — both signs that it doesn't see exports quickly rebounding.

Japan turned to coal as Iran war limited LNG cargoes

(Bloomberg; July 3) - Japan sharply reduced natural gas-fired power generation last month, instead relying more on coal, as disruptions around the Strait of Hormuz tightened supplies of the cleaner-burning fuel. The country produced about 17.3 terawatt hours of electricity with gas in June, down 16% from last year, according to data compiled by Japan's nine largest utilities. Coal generation rose by 4.6%.

The move highlights how Asian countries are continuing to turn to alternatives, like coal, to reduce dependence on liquefied natural gas as the conflict in the Middle East chokes about a fifth of global exports. Asian LNG spot prices are about 70% higher than pre-war levels, making the fuel less attractive to Japanese utilities. Japan — the world's second-largest LNG buyer — has cut back imports since the war started late-February. March-to-June imports were down about 7% compared to the same period last year.

[India’s coal-fired power at 3-year high to meet summer demand]

(Reuters; July 3) - India's coal-fired power generation surged to a near-three-year high in June because of increased cooling demand from higher temperatures amid an extended heatwave and below-average monsoon rainfall, government data showed. India's total electricity generation in June rose 10.4% from a year ago to 178.31 billion kilowatt-hours, according to Reuters calculations of daily data from federal grid regulator Grid-India. Coal-fired power generation rose about 14% year-on-year to 120.20 billion kWh in June, the highest since November 2023, the data showed.

Last month, India logged its fifth-driest June since 1901 due to a strong El Nino pattern, with searing heat driving demand for cooling, according to weather office data. The El Nino is a weather phenomenon caused by a warming of the Pacific Ocean waters off South America that tends to cause hot, dry weather in South and Southeast Asia. The demand for coal power has surged in the past two months to meet evening air-conditioning demand as a lack of battery storage for solar generation limits solar power usage at that time despite an overall increase in India's renewable power generation.

The share of renewable power in India's power mix in June rose to a record 19%, the data showed. Overall renewable generation rose to 33.81 billion kWh in June, up 23% from a year earlier. Despite new renewable additions, thermal power generation could increase this fiscal year to meet higher electricity demand for peak consumption, said Ankit Jain, vice president for corporate ratings at credit rating agency ICRA.

[Russia’s LNG exports up 9.9% in first half of year]

(Reuters; July 2) - Russia's exports of liquefied natural gas rose 9.9% in the first half of the year to 16.6 million tonnes, boosted by growing supplies from the new Arctic LNG 2 project, preliminary LSEG data showed on July 2. Supplies from Arctic LNG 2 reached around 1.6 million tonnes in the first half of this year, according to the data. The project started production in December 2023 but was only able to deliver a first cargo to end-buyers in China last August due to U.S. sanctions over the war in Ukraine. China has set up a terminal to exclusively handle the country’s imports of Russian LNG.

Data also showed that Russian LNG exports to Europe in January to June jumped 14% year-on-year to nine million tonnes. Earlier this year, European Union countries gave final approval to ban Russian gas imports by late 2027.

[Danish shipyard last in Europe to service Russia’s LNG carriers]

(gCaptain; July 2) – Russia’s Arc7 ice-breaking LNG carrier Rudolf Samoylovich has arrived at Denmark’s Fayard Odense yard for scheduled maintenance, highlighting the Danish facility’s unique role as the last remaining shipyard in Europe still servicing the specialized vessels that enable year-round exports from Russia’s Yamal LNG project.

Rudolf Samoylovich is one of 14 Arc7 icebreaking LNG carriers serving the Yamal LNG project under long-term charter by shipping companies Seapeak, Dynagas and MOL. The highly specialized vessels were built to operate independently through Arctic ice and are widely regarded as indispensable to year-round exports from Yamal. While the work remains legal under current European Union sanctions, Fayard has faced growing criticism for maintaining the fleet that helps sustain Russia’s Arctic export operations.

Until recently, two Western shipyards handled much of the fleet’s scheduled maintenance: Damen Shiprepair Brest in France and Fayard in Denmark. After Damen decided in early 2025 to stop servicing the vessels, Fayard’s Odense yard became the only remaining European facility providing planned maintenance for the fleet. The arrival of Rudolf Samoylovich comes as the European Union will prohibit maritime services related to Russian liquefied natural gas exports from Jan. 1, 2027. The measure will effectively end European shipyards’ ability to repair and maintain the Arc7 fleet.