Oil and Gas News Briefs
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Canadian LNG project strikes deal with German buyer

(Reuters; May 27) - Canada and Germany's state-owned energy firm SEFE said on May 27 they had reached what Canada described as its first LNG supply deal with a European buyer, underscoring efforts on both sides to diversify energy trade amid global market uncertainty. The non-binding deal, contingent on the completion of a sales and purchase agreement, outlines SEFE's intent to purchase 1 million tonnes of liquefied natural gas per year for 20 years from Canada's Ksi Lisims, a proposed LNG export facility to be located on British Columbia's Pacific coast, near the Alaska border.

The deal highlights Canada's push to expand exports and Europe's effort to secure alternative supplies after the loss of Russian pipeline gas and renewed disruptions linked to the war in Iran. Canada, the world's fifth-largest natural gas producer, has been seeking to grow its energy exports in an effort to protect its economy against the threat posed by U.S. President Trump's trade policies. The agreement comes as backers of the Ksi Lisims project have been working to finalize contracts with purchasers before making a final investment decision this year.

Ksi Lisims is proposed by Houston-based Western LNG along with a consortium of Canadian gas producers called Rockies LNG, and the Nisga'a First Nation, who own the land for the project. It will have a capacity of 12 million tonnes of LNG per year, making it Canada's second-largest LNG export facility. Shell and TotalEnergies have already signed 20-year LNG purchase agreements with Ksi Lisims. Canadian Energy Minister Tim Hodgson said deliveries could travel to Europe through the Panama Canal or could be swapped with other buyers on the international market to reduce travel distances.

Mozambique disputes added costs for TotalEnergies-led LNG project

(Bloomberg; May 27) - Mozambique is disputing $2 billion in costs that TotalEnergies and its partners say they incurred during a years-long construction stop of their LNG project in the southeast Africa nation, according to a person with knowledge of the matter. The disagreement threatens to further delay a project that's years behind schedule and that is viewed as vital to lifting the fortunes of one of the world's poorest countries, curtailing Mozambique's ambitions of becoming a strategic LNG supplier.

The dispute emerged after a U.K.-based consultancy finalized an audit of the costs this month. The firm was unable to verify costs due to a lack of supporting documentation, meaning Mozambique won't accept TotalEnergies' estimate. Consensus on the costs is needed before the government can approve an updated development plan, a legal requirement for the project to proceed. The parties are continuing talks and could still reach an agreement, the person said.

Higher costs would translate into lower state revenues once gas starts flowing. Further delays would push back work that resumed in January and is running years behind schedule. Total has a 26.5% stake in the 13 million-tonne-per-year project, while Mitsui, the Mozambican government, and Indian and Thai companies have smaller shares. Work was placed on hold in 2021, when Islamic State-linked militants overran a nearby town and Total withdrew its staff. In an October letter to Mozambican President Daniel Chapo, TotalEnergies put the additional costs incurred during the halt at $4.5 billion.

Japanese contractor will resume work at Qatari LNG project

(Nikkei Asia; May 26) - Japanese plant builder Chiyoda will fully resume construction work on a liquefied natural gas plant in Qatar, with all evacuated staff returning to the site as early as this month. Chiyoda is partnering with France's Technip Energies to build LNG production facilities as part of the Ras Laffan industrial hub's North Field East project. Staffers and their families were evacuated by March 16 as Middle East tensions rose with the U.S.-Israeli war on Iran. Iran targeted Ras Laffan in a missile attack on March 18, although there was no damage to North Field East equipment or injuries.

Some staffers from Chiyoda and Technip Energies had remained on-site to oversee the project, with all locally stationed employees now set to return. Construction will move forward with added safety precautions, such as more emergency evacuation buses. The North Field East project is among the largest currently undertaken by Chiyoda. Its annual LNG production will come to 32 million tonnes, with prospective buyers including Italy, Germany and China. Plans had called for initial shipments to start in 2026 and construction work to finish in 2027.

Santos will focus more investment on Papua New Guinea and Alaska

(Australian Financial Review; May 26) - Santos CEO Kevin Gallagher said the company will direct more investment to its oil and gas operations in Alaska and Papua New Guinea while dialing back its allocation to some Australian projects amid ongoing uncertainty over the government’s reservation policy for domestic gas needs. In a strategy update on May 26, Gallagher said the turmoil in global energy markets stoked by the Middle East conflict had also prompted a stronger focus on Santos’ top-tier exporting assets and its development projects that have potential to join their ranks.

Australia’s second-biggest oil and gas producer faces potential disruption from the government’s plans for a domestic gas reservation scheme, and Gallagher acknowledged it had played into Santos' thinking as it examined its portfolio. "These things definitely factor into how you view assets," Gallagher said. Santos will cut $300 million in capital investment from its operations in the Cooper Basin in South Australia and Queensland, focusing on higher-margin areas while keeping production flat.

However, the company still sees growth potential domestically. It has ruled out the sale of its undeveloped Dorado oil field in the Bedout Basin off Western Australia and will instead explore if it can rank among its large, core assets. Santos has brought online two major growth projects this year: Barossa gas in the Timor Sea and the Pikka oil project in Alaska. Barossa is due to reach full production mid-year; Pikka should reach 80,000 barrels a day later this year. It also holds equity in the proposed Papua LNG terminal which is due to reach a final investment decision in the second half of this year.

Australia will require LNG exporters to reserve gas for local needs

(Bloomberg; May 25) - Australia's requirement for LNG producers to reserve a fifth of exports for local use will apply to all projects and existing contracts, putting pressure on them to secure more gas supply. Export contracts signed on or before Dec. 22, 2025, will be "respected," but only if the projects prove they cannot meet their obligation to set aside or source 20% of produced gas for domestic markets without breaching those export contracts, according to a draft policy released by the government on May 25.

The proposal faces backlash from the industry, which says it would stymie investment and damage the nation's reputation as a reliable exporter. The move comes as Australia seeks to address forecast gas shortages on its East Coast and as the war in Iran cuts off about 20% of the world's LNG from global markets. While the framework "leaves many key questions unanswered," it appears that Santos's Gladstone LNG (GLNG) project is "most at risk," said Saul Kavonic, head of energy research at MST Marquee.

"Given GLNG's purchases of gas from the domestic market have arguably contributed to worsening market conditions, it is not surprising the government has designed the policy in a way that seeks to ensure GLNG contributes gas supply domestically," said Josh Runciman, Australian gas analyst at the Institute for Energy Economics and Financial Analysis. Alternatives to reserving gas for domestic markets include buying third-party gas, location swaps, flexing down export deliveries or sourcing LNG from company portfolios or international markets, according to the draft.

Oil industry sees 'Alaska renaissance' underway

(Bloomberg; May 24) - When John Kurz left Alaska's North Slope in 2009, he was staring at a grim future for what had once been the country's premiere oil field. Crude production had plummeted to 567,000 barrels per day, barely more than a quarter of the roughly 2 million barrels pumped daily at the field's peak two decades earlier. Engineers even worried that slow-moving crude would congeal inside the pipeline, creating waxy buildup that could turn the line into the world's biggest tube of ChapStick.

"The industry was dying," said Kurz, who at the time was BP's senior operations manager for Prudhoe Bay. Kurz fled Alaska for more promising opportunities overseas, but he was beckoned back in 2023 to run Alyeska Pipeline Service Co., overseeing the same pipeline whose future had looked so bleak 14 years before. He's not the only one. Alaska has seen a resurgence of oil industry interest — and investment — driven by discoveries suggesting the state's crude potential is far greater than previously expected and helped by more accommodating policies from the Trump administration.

New geological research and test wells bored are feeding a swell of enthusiasm that stretches from processing plants in snow-covered Prudhoe Bay to oak-paneled boardrooms in Houston. Industry executives say growing confidence in the region also reflects that the regulatory changes are expected to endure beyond Trump's presidency. "It feels like a bit of the Alaska renaissance," said ConocoPhillips CEO Ryan Lance.

ConocoPhillips, Shell, ExxonMobil, Santos and seven others set records in March with bids of almost $164 million in an auction for oil and gas leases in the National Petroleum Reserve-Alaska. "What surprised us in the lease sale wasn't only the dollar levels, but the new or returning entrants, like Shell and Exxon," said Bruce Dingeman, an executive vice president at Santos who leads the Australian company's Alaska operations.

Oil from U.S. strategic reserve heads to the Philippines

(Reuters; May 26) - A cargo of crude oil from the U.S. Strategic Petroleum Reserve is heading to the Philippines, the first shipment of U.S. emergency reserve oil to Asia since November 2022, ship tracking data showed. Asia receives about 80% of its oil through the Strait of Hormuz, a critical chokepoint that has remained largely closed during the three-month-old Iran war. The closure has upended global oil supplies and sent physical crude prices to record highs, forcing some importers to seek new suppliers.

The Greek-flagged Very Large Crude Carrier Arosa loaded 616,000 barrels of sour crude from the Bryan Mound Strategic Petroleum Reserve in Texas in early May and is set to arrive in Bataan, Philippines, in early July, Kpler data showed, citing a bill of lading. The vessel, chartered by Shell, is co-loaded with around 700,000 barrels of U.S. sour grade Thunder Horse. The U.S. is in the process of releasing 172 million barrels from the SPR to combat spiking crude prices, as the war in Iran upends global supplies.

The Philippines has been diversifying its energy sources amid a shortage of Middle Eastern barrels, with the government eyeing producers in the U.S., Canada, Colombia and Argentina, the Philippines' Energy Secretary Sharon Garin said last month, as well as U.S. waivers to purchase Russian seaborne oil. The Southeast Asian country has not received crude from the U.S. since February 2020, according to Kpler, and typically takes the bulk of its supplies from Saudi Arabia, the United Arab Emirates and Iraq.

Foreign tankers help backfill U.S. fuel needs under Jones Act waiver

(gCaptain; May 27) - The Trump administration's emergency Jones Act waiver is rapidly reshaping U.S. oil flows, opening domestic shipping routes to foreign-flagged tankers and triggering trade patterns rarely seen in modern U.S. energy markets. Analysis from RBN Energy shows at least 60 waiver-approved shipments have moved oil and refined products between U.S. ports since the White House suspended Jones Act restrictions in mid-March following the Strait of Hormuz crisis. The waiver's been extended to Aug. 17.

The result is that foreign tankers are now functioning as an extension of the U.S. domestic fuel distribution system. More than 3 million barrels of gasoline, diesel, jet fuel and crude oil have already moved into California alone, according to RBN, while additional Gulf Coast cargoes are flowing to the East Coast, Florida and Puerto Rico. "This isn't a one-off cargo here or there," the RBN analysis states. "It's dozens of foreign-flagged vessels moving crude oil and refined products around the country."

California has emerged as the clearest example of how the Hormuz crisis is reshaping U.S. energy logistics. The state imported roughly 230,000 barrels per day of Middle Eastern crude last year, according to Kpler, leaving refiners exposed after Gulf shipping disruptions cut access to Persian Gulf supplies. At the same time, California has lost roughly 575,000 barrels per day of refining capacity since 2020 from refinery closures and renewable fuel conversions involving Phillips 66 and Valero Energy facilities.

Foreign-flagged tankers are helping backfill that shortfall. Among the largest cargoes tracked by RBN was the Singapore-flagged Pelican Pacific, which moved 322,000 barrels of gasoline blendstock from Houston to Los Angeles. The Singapore-flagged Solar Claire completed multiple fuel deliveries from Texas refineries into California.

China and India are buying more oil from Brazil

(Al Jazeera; May 25) - China and India are increasingly turning to Brazil to make up for lost oil supplies as the fallout from the U.S.-Israel war on Iran continues to disrupt energy trade through the Strait of Hormuz. With oil harder to access and Russian supply largely constrained by sanctions, Asian buyers are scrambling for crude from suppliers seen as safer and more reliable. Brazil, which is already one of the world's biggest oil exporters, has emerged as one of the clearest beneficiaries.

Analysts say Brazil cannot replace the Middle East as Asia's main oil supplier. However, as shipping risks rise in the Gulf amid Iran's effective closure of the Strait of Hormuz and the corresponding blockade on Iranian ports by the U.S., its oil has become increasingly attractive to refiners seeking to avoid supply shocks. Asian countries imported about 1.2 million barrels per day of crude from Brazil in 2025, according to data from trade intelligence firm Kpler. That rose to roughly 1.8 million between January and May this year, highlighting Brazil's growing role in Asia's efforts to diversify away from the Gulf.

Brazil had already been increasing oil production in major offshore developments before tensions escalated in the Middle East. According to Kpler data, Brazil was producing 3.77 million barrels per day in 2025. Between January and May, it rose to an average of 4.06 million, with 4.11 million in May. Petrobras, the state oil company, has increasingly redirected exports toward Asia, where refiners are paying more for crude. Over 60% of Petrobras exports are now heading to China, while exports to the U.S. have reportedly fallen to zero from about 60,000 barrels per day in March, according to oilprice.com.

Canada and Alberta reach deal on carbon price framework

(Bloomberg; May 25) - Canadian Energy Minister Tim Hodgson said he is "highly confident" that Alberta oil sands producers can absorb the cost of building carbon-capture operations, despite their protests that Canada's climate rules hurt their global competitiveness. Prime Minister Mark Carney's government reached an agreement earlier this month with Alberta on the trajectory of its industrial carbon price, a regime that forces heavy polluters to pay for carbon emissions but also generates credits for cutting greenhouse gas emissions.

The deal was a crucial step toward building the C$16.5 billion (US$12 billion) Pathways carbon-capture project for the oil sands, which Carney has said is a necessary condition for approving a new oil pipeline to Canada's Pacific coast. As the negotiations unfolded in recent months, however, oil companies began publicly arguing that the carbon price imposes a cost on industry that other major oil producers don't bear. In Hodgson's view, those companies were mainly protesting that they weren't directly at the table for talks.

"The reality is the federal government and the provincial government had to agree on what the framework for carbon pricing was before we got them to the table," he said. "Now that that's been done, the engagement will happen. I am highly confident that given how we've structured this, that the cost of Pathways can be readily absorbed." The project spearheaded by five of the largest oil sands producers would capture carbon dioxide from multiple facilities and transport it 250 miles by pipeline to a storage hub in eastern Alberta, where it would be sequestered underground.

[Loss of LNG supplies adds to India’s power generation crisis]

(Bloomberg; May 25) - India’s gas power generation has plunged to the lowest level in at least six years, with the Iran war hitting fuel shipments, straining electricity supplies at a time when a scorching summer is pushing demand to record highs. Peak electricity consumption surged to an unprecedented 270.8 gigawatts last week, rising for four straight days, as people cranked up air conditioners and other cooling appliances amid soaring temperatures. While daytime consumption was largely met with the help of solar generation, supplies struggled to keep pace with the surge in the night, also a record.

Low output from gas-fired plants, hamstrung by fuel shortages caused by the war, worsened the pressure on the grid. Gas-fired generators in India produced about 3.6 billion kilowatt hours of electricity between April and May 21 this year, the lowest for the period in at least six years, data from the power ministry showed. The output was about two-thirds of the production during the same period last year and just about half of 2024.

India imported more than half of its liquefied natural gas from Qatar and the United Arab Emirates, but those shipments have almost dried up in the past few months. The deficit, along with local grid breakdowns, have caused blackouts across the country, from the capital New Delhi to the most populated state of Uttar Pradesh in the north, as well as the heavily industrialized Tamil Nadu in the south. Gas power plants account for a tiny share of India’s electricity output but are crucial for bridging the supply gap during hot summer nights after solar generation switches off. Blackouts can invite public outcries.

[A few more LNG tankers pass through Strait of Hormuz to customers]

(Reuters; May 25) - Ship-tracking data showed three liquefied natural gas tankers passed through the Strait of Hormuz in recent days, heading to Pakistan, China and India, as well as a supertanker with Iraqi crude for China after being stranded for nearly three months. The vessels join a handful of tankers leaving the gulf this month via a transit route that Iran has ordered ships to use. Last week, three very large crude carriers made their way to China and South Korea with six million barrels of crude.

The LNG tanker Fuwairit crossed the Strait of Hormuz on May 25 and is expected to discharge its cargo in Pakistan, LSEG and Kpler shipping data showed. The vessel, sailing under the Bahamas flag, loaded LNG at Qatar's Ras Laffan port around March 28. The LNG tanker Al Rayyan has also passed through the waterway. Carrying a cargo loaded at Ras Laffan, it was last seen in the gulf on May 22 and is now located outside the strait between Iran and Oman. It is expected to deliver its cargo to China.

An LNG tanker managed by Abu Dhabi National Oil Co. also crossed the strait. The Al Hamra was last seen on April 19 and then reappeared on ship-tracking data on May 23 off the coast of India, Kpler data shows. The oil tanker Eagle Verona, which exited the strait on May 23, is expected to reach China on June 12 to discharge its cargo, LSEG and Kpler data showed. The Singaporean-flagged vessel chartered by Unipec, the trading arm of refiner Sinopec, carried nearly two million barrels of Basrah crude.

Alaska cruise ship fuels up with LNG in Seattle

(Washington State Standard; May 25) - Early this month, a mobile floating gas station of sorts pulled up alongside the towering cruise ship Star Princess at Seattle's Pier 91 terminal. For the next eight hours, the refueling crew made news by pumping a large volume of liquefied natural gas into the tanks of the cruise liner. The newest cruise ship operated by Princess Cruises is the first oceangoing vessel to be refueled in Seattle with LNG. It could be the start of a new way of fueling the Alaska cruise ships that operate out of Seattle and Vancouver, British Columbia, all summer.

"I'm just delighted to see there's no smoke coming out of the cruise ship. … We're burning the cleanest gas you can right now," Port of Seattle Commissioner Fred Felleman said while watching from an adjacent pier. "Right now, this is about as good as it gets in the industry." The steadily growing fleet of huge cruise ships that run to Alaska has a sizable carbon footprint — ship fuel being the biggest single component. Cruise lines acknowledge that they need to do their part to soften the environmental impact.

Felleman said the Port of Seattle is striving to be the "greenest" cruise homeport. The LNG arrives on a specialized small-scale tanker ship from British Columbia in a journey that underscores the novelty of the alternative marine fuel. Vancouver-based Seaspan Energy acquired three refueling tankers (commonly called bunkering vessels) from a Chinese shipyard to provide ship-to-ship LNG refueling along the West Coast. This summer, Star Princess is scheduled to refuel with LNG in Seattle every other weekend.