

# Oil and Gas News Briefs

## Compiled by Larry Persily

### April 6, 2020

#### **Russia willing to cut production, but only if U.S. does too**

(Bloomberg; April 4) - Russia would target a cut of 1 million barrels a day in any new deal with other key oil producers on the condition that the U.S. joins with its own production curbs, according to four people familiar with the sentiment in the industry. Russian President Vladimir Putin, who said that a reduction in global oil production of about 10 million barrels a day is possible and his nation is ready to participate “on a partnership” basis, won’t agree for Russia to take more than one-tenth of the global cuts, according to one of the sources, who spoke on condition of anonymity.

Russia’s cut of roughly 1 million barrels per day would represent some 10% of the nation’s daily average output of 11.294 million barrels in March. The wider OPEC+ coalition may demand more, in which case Russia may consider 1.5 million barrels per day, though the Kremlin may not like it, a source said. An OPEC+ meeting to try to end the price war is not going ahead on April 6 as previously expected, as Riyadh and Moscow have engaged in a war of words about who’s to blame for the oil-price collapse.

Putin has said that Russia is comfortable with a price about \$42 a barrel and doesn’t want the price to be “too high or too low.” The OPEC+ alliance needs more time for negotiations, a delegate said. Yet any deal is already at risk following President Donald Trump’s meeting with U.S. oil industry executives April 3, in which he didn’t endorse any plan to curtail domestic output, saying it’s a free market and it’s up to Saudi Arabia and Russia to solve the price war. Andrey Kortunov, director of the Kremlin-founded Russian International Affairs Council, said it’s important that the U.S. participate in any deal.

#### **Saudis, Russians struggle to negotiate production deal this week**

(Bloomberg; April 5) - Saudi Arabia, Russia and other large oil producers are racing to negotiate a deal to stem the historic price rout, as diplomats press to get the U.S. to join the coalition. “President Putin and the Russian side in general are keen to engage in constructive negotiations, which is the only way to stabilize the international energy market,” Kremlin spokesman Dmitry Peskov said in a pre-recorded interview aired on state TV on April 5. Failure to reach a deal would mean a collapse in prices.

The talks still face significant obstacles: a meeting of producers from OPEC+ and beyond — delayed from April 6 — is only tentatively scheduled for April 9 as negotiators work against the clock. Oil has fallen 50% this year, as the economic effects of the

pandemic have knocked out about a third of global demand. The price crash is so dramatic that it's threatening budgets and political stability of oil-dependent nations, the existence of U.S. shale producers, and jobs across the industry. Even the International Energy Agency, which represents oil-consuming nations, is calling for action.

Saudi Arabia and Russia both say they want the U.S. — the world's largest producer, thanks to shale oil — to join the cuts. But President Donald Trump had only hostile words for OPEC on April 5, and threatened tariffs on foreign oil. "If the Americans don't take part, the problem ... will remain — they (Russia and Saudi Arabia) cut output while the U.S ramps it up, and that makes the whole thing impossible," said Fyodor Lukyanov, head of the Council on Foreign and Defense Policy, which advises the Kremlin.

### **It will not be easy to find agreement on cutting back U.S. production**

(Bloomberg; April 3) - In Saudi Arabia, there is one oil company, the state-run behemoth Saudi Aramco. This makes for a fairly simple process to set policy goals when the country negotiates output quotas with rivals. In the U.S., there are more than 6,000 oil drillers — everything from tiny wildcatters in the shale patches of Texas and North Dakota to global giants like ExxonMobil. That would seem to make formulating a coherent U.S. negotiating stance for curbs on global oil production next to impossible.

To satisfy Saudi Arabia's and Russia's insistence that all share the burden, President Donald Trump would have to unify a fractious and discordant group of U.S. companies and states. That includes shale drillers that, until very recently, were responsible for soaring U.S. production. The major companies, such as ExxonMobil, have typically opposed any kind of government intervention from tariffs to mandated production cuts. With better access to capital and diversification, they're more resilient than smaller operators.

The prospect of capping U.S. output is a non-starter with many heavyweights. The American Petroleum Institute called rationing an "anticompetitive" effort that would harm U.S. consumers and producers. Oil lobbyists are warning the administration that a quota system or coordinated output decrease would send a signal to Saudi Arabia and Russia that they are winning the price war. One of the biggest hurdles may be the reputational damage to an industry that prides itself on individualism and hostility toward regulation.

### **Lame-duck Texas regulator pushes for coordinated production cuts**

(Bloomberg; April 4) - In just a matter of weeks, Ryan Sitton went from being a lame-duck commissioner of an obscure Texas agency to one of the key figures in a global effort to save the oil market. Sitton, who lost the primary election for his own seat on

the Texas Railroad Commission just a month ago, said April 2 he had spoken with Russian Energy Minister Alexander Novak about cutting global oil supplies and planned to have a conversation with Novak's counterpart in Saudi Arabia. Two weeks ago, he spoke with OPEC's secretary general and was invited to attend a meeting this summer in Vienna.

Exchanges between state regulators and national energy ministers about capping global oil supplies are not common. If Sitton attends the OPEC meeting, he would be the first member of the Texas regulatory agency to do so since the 1980s. His efforts come just as the OPEC+ alliance, which includes Saudi Arabia and Russia, tries to form a global coalition to cut output, put an end to a war over market share and stem the rout in crude prices.

Sitton — an oil and gas engineer and self-proclaimed energy markets expert who leaves office in January — has become the face of America's response to a global battle for oil market share. Even before crude prices collapsed, Sitton was in the public eye far more often than his fellow commissioners. He regularly appears on television and has his own website. Days after prices crashed below \$25 a barrel, he penned an opinion piece advocating for a coordinated response with Saudi Arabia and Russia. The Texas Railroad Commission is set to discuss output curbs at a meeting later this month.

### [Norway will consider oil production cuts if there is a global deal](#)

(Reuters; April 4) - Western Europe's largest oil and gas producer Norway said on April 4 it would consider cutting its oil production if a global deal to curb supply is agreed to by the world's biggest producers. OPEC and its allies are working on a deal for an oil output cut equivalent to about 10% of world supply in what member states expect will be an unprecedented global effort — and they want the United States to participate. Washington, however, has yet to make a commitment to join the effort.

Oil prices have shed two-thirds of their value in the first quarter of the year, pummeled by a drop in demand due to coronavirus lockdowns and after Russia and Saudi Arabia failed to agree on output cuts. The price of North Sea oil touched an 18-year low of \$21.65 a barrel on March 30. It has since recovered to more than \$30 a barrel on hopes of a new global oil output deal.

"If a broad group of producers agree to cut production significantly, Norway will consider a unilateral cut," Norwegian Oil and Energy Minister Tina Bru said in an email. She said Norway had been talking with other oil-producing countries. Norway, which produces about 1.75 million barrels a day, just under 2% of global demand, is not a member of OPEC. During the first half of 2002, Norway cut its output by around 150,000 barrels per day after oil prices fell to below \$20 a barrel. Norway's production is up 26% from a

year ago, thanks to the ramp-up of state-controlled Equinor's giant Johan Sverdrup oil field.

### **Saudis delay monthly announcement of oil pricing**

(Bloomberg; April 5) - Saudi Arabia is delaying the release of its closely watched monthly oil-pricing list until later this week as the kingdom spars with Russia over a potential meeting of global producers that would aim to halt the collapse in crude. State oil producer Saudi Aramco is now set to announce its official selling prices for May on April 9, according to people with knowledge of the situation who asked not to be identified because the information is private. The prices were due on April 5.

Aramco is holding off to await signs of what may happen when suppliers meet April 9 to discuss production. The debate over new cutbacks poses a challenge for the world's most valuable listed company as it tries to decide how to price its crude. By delaying its announcement, Aramco can better gauge the amount of oil it may have available to sell next month. The postponement would also give it time to deepen its price discounts should an OPEC+ deal fall apart, as Aramco is competing for sales in a glutted market.

The pricing delay could be interpreted as an effort to put the global price war on hold and give countries more room to negotiate reductions in output. This is the second consecutive time that Aramco has delayed its key pricing announcement beyond its traditional deadline of releasing the numbers by the fifth day of each month.

### **Lack of sufficient oil storage will impose closures worldwide**

(Bloomberg; April 3) - The survivors of oil's last crash were the lowest-cost producers. But the crisis now is so fast, the same rules don't apply. From the shale patch of Texas and Canadian oil sands to the Siberian plains, production of at least one in every 10 barrels worldwide is likely to be shuttered as demand is shredded by the coronavirus pandemic. Cost won't be the ultimate arbiter for producers this time, because as the International Energy Agency says, "there could soon be no place for their oil to go."

Every imaginable space — from tanks and pipelines to rail cars — is filling to the brim. It's a key reason that pressure is building for an output cut by OPEC and other producers, though even the 10 million barrels a day of curbs that's been touted may not be enough. Only those who can find a place to shelter their unwanted crude are likely to remain standing. "It's important to think about who's going to shut in. It's all dictated by logistics and where you sit in these major pipelines around the world," Jeff Currie, head of commodities research at Goldman Sachs Group, said in a Bloomberg interview.

Even if OPEC and other producers agree to a 10 million barrels a day of output cuts — in itself a mammoth undertaking — the IEA estimates 15 million a day of stockpile would still build up. When oil last collapsed five years ago it was U.S. shale that took the immediate hit because of its sensitivity to price swings, and the nation's industry is set to be hit again. Though this time round everyone is sharing the pain. While logistics are critical, oil's collapse is simply making some production unprofitable. At \$25 a barrel crude, about 5% of global production is losing money, according to the IEA.

### **North American crude could go into storage in rail cars**

(Bloomberg; April 1) - Oil companies are turning to rail cars to stash the crude they can't sell, as the world runs out of places to store a growing glut of cheap barrels. North American producers, refiners and traders are now looking to store excess oil in rail yards in Texas, Saskatchewan, and Manitoba amid the crude market's historic plunge and collapsing demand, according to people familiar with the matter.

With oil for May delivery trading at a deep discount to future months — known as contango — more firms are holding barrels rather than selling at a loss with the hope they can get a better price in the future. But tanks and tankers are filling up fast, with the world projected to run out of storage space by the middle of the year, according to IHS Markit. In Canada, tanks could be full within three weeks, Goldman Sachs said.

A decade ago transporting crude by rail was rare, while stowing oil in a rail tank car was virtually unheard of. But as the shale boom unleashed record volumes of crude overwhelming pipeline capacity, producers have increasingly come to rely on rail to move barrels from one point to another. Now crude-by-rail service providers and terminal operators are fielding inquiries about leasing cars for storage.

The situation is particularly dire in land-locked Alberta, where heavy crude is trading at under \$10 a barrel. Rail car leases are running about \$700 a month and storing a car would cost \$300 to \$450 a month, putting the total at around \$1.50 a barrel per month. But the 700-barrel tank cars can't be stored just anywhere. In the U.S. they can only be stashed on private tracks due to federal rules governing hazardous materials.

### **U.S. will rent space in petroleum reserve for private storage**

(The Hill; April 2) - The U.S. Department of Energy will rent space to oil producers to store their surplus crude amid a decrease in demand linked to the coronavirus pandemic and economic shutdown. The department said in a statement that it hoped to make 30 million barrels of storage in the Strategic Petroleum Reserve immediately available to U.S. producers. It later plans to make 47 million additional barrels of

storage capacity available following this initial move, filling the reserve's remaining space.

A department official told The Hill that producers will pay for the storage space in oil instead of dollars. The announcement on April 2 comes after Congress declined to include funding in a coronavirus stimulus package for the Trump administration's previous plan for the government to purchase 30 million barrels of oil to add to the reserves. The Energy Department last week withdrew a request to make the purchase.

Assistant Secretary for Fossil Energy Steven Winberg said in the statement that the first deliveries to the SPR are expected for late April or early May and that the facility will be able to receive as much as 685,000 barrels per day. The oil is stored in emptied-out salt caverns in Louisiana and Texas.

### **Producers look to protect themselves from negative oil prices**

(Reuters; April 3) - After the worst quarter for oil prices in history, some producers have begun to include protection in their contracts to avoid being forced to pay buyers for the oil they pump if prices slide below \$0 a barrel. Crude prices in key physical markets — including the U.S., Canada, Mexico, and Europe — have fallen through \$10 a barrel, far below comparable futures prices, as demand slumps and storage fills. Those discounts could widen further, making it possible that outright physical prices could fall below \$0.

Such occurrences are rare, though it has happened in other markets, such as West Texas natural gas markets, where spot prices dropped into negative territory in early March, forcing producers to pay to have others take their gas. Major oil companies and those involved in U.S. shale oil have started introducing a "zero clause" in their contracts, to avoid having to pay buyers to take oil away, six sources said.

"If the purchase price to be paid by Buyer to Seller for any crude oil delivered is less than zero dollars, such purchase price shall be deemed to be zero dollars," reads one such clause, one of the six sources said. ExxonMobil introduced such clauses into contracts a few days ago for new deals, according to two counterparties to Exxon's trades who have seen the contracts. Exxon declined comment. "The majors have brought this up as a discussion," said one of the trade sources. Others said it could be difficult to add clauses as it would affect trading relationships.

### **Weak demand forces refineries to cut back, some may fail**

(Reuters; April 1) - The global oil refining industry is facing a reckoning from falling fuel demand that is the deepest and fastest ever. Within weeks the industry will need to cut output by 30% or more as the coronavirus pandemic keeps much of the world at home

with little need to drive or fly. Smaller and financially weak refiners may not emerge from the crisis, say refining consultants and traders.

“This Covid isn’t going to kill the refining industry, but it might kill those with underlying conditions,” said John Auers, a refining analyst at consultancy Turner, Mason & Co. Plant closings and production cutbacks are appearing worldwide. In India, Italy, South Africa, Canada, and Amsterdam, small refiners have closed. Even the most profitable U.S. and European refineries are producing as little as possible without shutting down.

The coronavirus outbreak has cut global gasoline demand by 50% and jet fuel demand by 70%, according to consultancy Facts Global Energy. Financially weak refiners and those serving small markets are most at risk of consolidation. Those with little debt, a variety of products and proximity to crude supplies are best positioned to survive, analysts said. U.S. refiners Exxon, Chevron, PBF Energy, Valero Energy, and Marathon are reducing processing by as much as 30%. “The guys who cut early are learning how to cut more,” said David Hackett, president of refinery consultancy Stillwater Associates.

### **Traders worry China’s private refiners could back out of deals**

(Bloomberg; April 1) - China’s private oil refiners are making increasingly large bets on capturing the bottom in crude prices, raising concern among fellow traders about the risk of the market moving against them. The companies, known as “teapots,” like to pay for their monthly crude supply using a method known as trigger pricing. That means they buy oil in batches over the month, paying the prevailing price at the time of the purchase instead of the industry norm of using an average price over the entire period.

It allows them to take better advantage of rapidly falling prices, when a monthly average might not fully reflect the scale of the decline. As crude has dropped 66% in the first quarter, they’re buying in increasingly large batches, according to traders. That’s a sign the teapots are growing in confidence that oil is as cheap as it’s going to get, traders said. But it also represents a growing risk that they’ll back out of the deals should prices fall further leaving their counterparties stuck with expensive oil that nobody wants.

Over the years, some teapots have backed out of higher-priced cargoes after oil prices further deteriorated following their purchases, according to sources. In other cases, buyers withheld issuing letters of credit — a type of payment assurance — to sellers, the people said. That left suppliers with no guarantee that they’d be paid for their crude, leaving them to void the sale and be stuck with a distressed cargo.

## [‘About to get bloody’ for fracking companies that will lose business](#)

(Reuters; April 2) - Once the fastest growing — and most controversial — oil field services in the U.S. shale boom, fracking, is getting hammered as oil prices near a two-decade low and producers stop completing new wells. Fracking companies, which pump water, sand, and chemicals into wells to release trapped oil and gas, helped turn the U.S. into the largest oil producer in the world. The business became despised by environmentalists and politicians who called for fracking to be banned.

Now with crude prices falling below the cost of production, oil and gas producers are canceling contracts and forcing providers to idle their giant pumps and vats of chemicals. An estimated 31 hydraulic fracturing fleets, or 11% of those currently operating, were turned off in the past week, according to data from consultancy Primary Vision, and more than 40% of the 421 operating a year ago have been sidelined. “The rug got pulled out from under the pressure pumpers in the back half of March and it’s about to get bloody,” analysts at Tudor, Pickering, Holt & Co wrote on March 30.

“It’s a bit of a panic in the oil field,” said Artem Abramov, head of shale research for consultancy Rystad Energy. Work is declining faster now than during the 2014 oil downturn because oil and gas producers have no financial backstop. The reductions are falling hardest on the fracking providers. Top oil-field services firm Schlumberger on March 31 said it would accelerate a restructuring of its North America land business, a reorganization that previously included idling up to 50% of its frack fleets.

## [Low oil prices mean less royalty for Texas university fund](#)

(Houston Chronicle; April 2) - Record-low oil prices could cost a fund that supports the University of Texas and Texas A&M systems at least \$300 million in revenue. State-operated University Lands, a company that oversees oil leases on land owned by Texas, expects to send \$700 million in royalties to the state’s Permanent University Fund this fiscal year, down from \$1 billion in 2019 after oil prices plunged to about \$20 per barrel this year during a price war and the coronavirus pandemic.

With prices that low, University Lands is not issuing new leases on the 2 million acres in the Permian Basin it manages and is telling the roughly 250 oil companies operating on state leases to delay drilling and wait for higher prices, if they can. “Our primary strategy right now is to work with operators and, where prudent, to delay new activity,” University Lands CEO Mark Houser said. “We encourage them to delay new activity right now. In our mind there’s no sense in selling these hydrocarbons at such a low price.”

Created by the Legislature in 1929, University Lands generates revenue by leasing to oil and gas companies, receiving an average 22 percent royalty. Created by the Legislature in 1876, the Permanent University Fund provides the state’s funding for the



21 schools in the UT and A&M systems. The fund had an estimated \$23.3 billion at the beginning of March. Its distribution to the universities includes its investment returns, not just the royalty money it receives from University Lands. The Permanent University Fund is expected to distribute more than \$1.3 billion to the universities this fiscal year.

## Oversupply could hold down gas, LNG prices for several years

(Reuters; April 2) – Global natural gas prices this year will average even lower than previously expected due to the effects of the novel coronavirus and economic shutdown and look set to remain weak for a few years, consultancy Rystad Energy said April 2. Before the virus outbreak, gas prices were already below average due to an oversupply of liquefied natural gas in the market.

The European gas benchmark price at the Dutch TTF hub is now forecast at \$3.20 per million Btu, down \$0.62 from the previous forecast in February, Rystad Energy said. Its price forecast for Asian spot LNG was revised to \$3.80. Last week Asian spot LNG prices crashed below \$3 following three weeks of gains. U.S. Henry Hub gas prices are expected to average \$1.94 in 2020 and \$2.43 next year.

The lower forecasts are based on weaker demand globally throughout the year as a result of lower commercial and industrial activity, the consultancy said. It expects prices to remain low to 2022, then a tightening LNG market could lead to price spikes in 2024 and 2025. After a brief period of higher prices, low prices could return in 2026 and 2027 “driven by potential over-investment in 2019 as new supplies begin coming onto the market,” Oslo-based Rystad Energy said.

## Evaporation loss limits option for storing LNG at sea

(Bloomberg; April 3) - Liquefied natural gas traders are following the latest trend in the oil market by storing large amounts of the commodity on tankers, hoping prices will rise before the ship docks. But while crude can sit for months or even years in a tank, super-chilled LNG tends to evaporate even in the specialized vessels that handle it. That limits the amount of time “floating storage” is economically feasible.

“Keeping gas frozen is extremely expensive because of the energy cost to maintain the minus-265 Fahrenheit temperature,” said Francisco Blanch, head of global commodities for Bank of America in New York. The “boil-off” rate is a factor. Between 0.07% to 0.15% on average evaporates from LNG tankers per day for the majority of the global fleet. That means over a 75-day voyage, about 5% to 11% of the cargo could be lost. While new vessels have better technology to limit evaporation, the difficulty containing the gas over long periods means using tankers as storage has a physical limit.

“Floating storage is less about stockpiling, but more about slow-steaming until hopefully the rates pick up,” Iain Ross, CEO of shipowner Golar LNG, said at a webinar organized by Capital Link and Citigroup. “We clearly see floating storage as a safety valve in the next couple of weeks and even in the next couple of months,” Jefferson Clarke, managing director for LNG at shipbroker Poten & Partners, said at the webinar.

## **Sinopec increases spot LNG buys at expense of term contracts**

(S&P Global Platts; March 31) – China’s state-owned oil and gas giant Sinopec aims to accelerate development of its natural gas business in 2020. Higher downstream sales at better prices, combined with an increase in low-cost spot LNG imports and fewer, higher-cost oil-indexed contractual deliveries, have contributed to Sinopec's revenue growth in its gas business, according to market sources.

S&P Global Platts Analytics estimates China’s liquefied natural gas importers paid a weighted average of \$9.40 per million Btu for their long-term, oil-linked contracts in 2019, almost double spot-market prices. Platts Japan Korea Marker, the benchmark for spot deliveries into North Asia, averaged \$5.49 in 2019. Sinopec took an estimated 10 million tonnes of LNG last year from Australia and Papua New Guinea under term contracts with about one-third of its supply coming from the lower-cost spot market.

Sinopec’s rivals, CNOOC and PetroChina, took a much higher percentage of their LNG deliveries in 2019 through costlier term contracts. Sinopec posted 5.3% year-on-year revenue growth from its exploration and development businesses in 2019, mainly driven by its gas business, the company said. On the production side, it will continue to increase production from its Fuling, Weirong and west Sichuan gas fields in 2020.

## **U.S. LNG cargo diverts from mainland China to Taiwan**

(S&P Global Platts; April 4) - A tanker loaded at Sempra's Cameron LNG terminal in Louisiana on March 21 and appeared headed to China has changed course to Taiwan, S&P Global Platts vessel-tracking software cFlow showed April 3. No U.S. LNG has been delivered to mainland China in more than a year, amid Chinese import tariffs that remain in effect despite an initial trade deal between the two countries announced in January. The earlier course for the ship raised hopes of a restart in U.S. LNG to China.

China said last month it would offer tariff exemptions to certain U.S. commodities, including LNG. But it said approvals would be based on market value and whether the purchases are economically and commercially viable, indicating that imports of U.S. commodities would continue to be subject to market restrictions.

The carrier now shows a captain's destination of Taiwan's Yung-An receiving terminal, with an expected arrival date of May 1, cFlow showed. It was previously showing its destination as Tianjin, a major port in northeastern China. It is not uncommon for LNG cargoes to change destinations while they are on the water as shippers search for the best netback. With record-low prices, moving U.S. LNG anywhere is a loser if measured against all-in costs of feed gas, liquefaction and shipping. Platts' Japan Korea Marker for LNG to Asia dipped to \$2.263 per million Btu on April 1, its lowest on record.

## **Gazprom moves to pre-investment stage for second pipeline to China**

(Independent Community Intelligence Services; March 31) - Gazprom's next pipeline project, aimed at supplying natural gas to China from fields in western Siberia, is moving to the pre-investment stage after Russian President Vladimir Putin gave the green light to the state-owned gas producer on March 27. Supplies to China via this new route called Power of Siberia 2, or the Altai route, may total up to 1.75 trillion cubic feet per year, Gazprom CEO Alexei Miller told Putin in a recorded conversation posted on Gazprom's website. This is almost double the volumes preliminary agreed upon.

Gazprom and China National Petroleum Corp. had previously agreed in principle on a contract for this route. Russia's large gas reserves in western Siberia already feed the European Union. Connecting these giant reserves to markets in China could put Gazprom in a position of swing supplier, where it could send gas to the market that offers the highest price. Russia has been looking for years to diversify its exports away from its core European market to the Asia-Pacific region and specifically China.

Gas started flowing via the Power of Siberia pipeline in December 2019 from eastern Siberia to northeastern China. Though volumes are starting slowly, Gazprom has reported that the line is expected to reach full capacity of more than 3.5 billion cubic feet per day in 2025. Gazprom plans to launch the Power of Siberia 2 by 2030, but price negotiations with China may still be tricky. The pre-investment stage includes the development of a feasibility study and the design-and-survey works.

## **Alberta town eager for jobs with start of Keystone XL construction**

(Calgary Herald; April 1) - A small, central Alberta town received a glimmer of hope through gloomy economic times March 31 with news that the Keystone XL oil pipeline will proceed. Hardisty, population 540, about 125 miles southeast of Edmonton, will serve as the northern point of the 1,200-mile pipeline, which will carry 830,000 barrels of oil per day from Alberta to Nebraska upon its completion. The provincial government announced it will invest in the project and provide billions in loan guarantees.

The pipeline has been a long time coming for the oil town. With more than 300 workers expected in Hardisty in the coming weeks, Mayor Douglas Irving said 260 hotel rooms that have been mostly empty are at the ready for construction crews. The influx of people will also be a welcome sight for shops in the area. “We’ve been waiting a long time,” Irving said. “It will be a huge boost to our small businesses and restaurants.”

Irving said he has talked with the project developer, TC Energy, about safety measures amid the COVID-19 pandemic. “Oil companies are very good at self-disciplining, so they’re welcome in our town,” he said. “Our community has suffered some great losses with the price of oil on a steady decline,” said real estate broker and town councillor Connie Beringer. “In a world right now with a lot of doom and gloom, this gives people hope.” Overall, the project is expected to create 1,400 direct and 5,400 indirect jobs in the province during construction. The pipeline is expected to be completed in 2022.

### **Oil industry slowdown could help U.S. pipeline opponents**

(Texas Observer; April 3) - Surfside Beach, a village of 560 people an hour south of Houston, is known for a few things: It has one of the state’s handful of drive-on beaches, attracting droves of families each summer to soak up the sun and the surf; its shoreline is the southern boundary of the Brazoria National Wildlife Refuge, where birders can catch a glimpse of the brilliant roseate spoonbill; and the beach is a favorite nesting spot of the Kemp’s ridley sea turtle, the planet’s smallest and rarest sea turtle.

And Surfside Beach could soon be known as home to the last onshore leg of the newest crude oil pipeline in Texas. Melinda Wilhelm, who runs an insurance agency in town, is especially concerned about the pipeline, a joint-venture between Houston’s Enterprise Products Partners and Canadian petroleum giant Enbridge. The line would run to an offshore oil platform 30 miles into the Gulf. Wilhelm’s 6-acre tract of beachfront property, which she describes as a “little slice of heaven,” sits squarely in the pipeline’s path.

Wilhelm and community leaders have been working with environmental activists to slow down the project. City councilors have voted to oppose it. “Our concern is an oil spill could just devastate us,” Wilhelm said. “Our livelihood is the tourist industry. ... Nobody wants [the pipeline] here.” Help may be on the way, albeit in a strange form: The rapidly intensifying COVID-19 pandemic, along with a flooded oil market, is disrupting the oil industry to a degree unseen in decades. The petroleum industry is in for an enormous slowdown, and that could delay projects such as the pipeline through Surfside Beach.