Oil and Gas News Briefs
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Total declares force majeure as it shuts down Mozambique LNG work

(Reuters; April 26) - French energy group Total has declared force majeure on its $20 billion liquefied natural gas project in Mozambique and withdrawn all staff from the construction site following insurgent attacks last month. Dozens of civilians were killed in the Islamic State-linked attacks in the coastal town of Palma, near gas projects that are worth $60 billion and are aimed at transforming the East African nation's economy. The violence has dealt a blow to plans by Total and ExxonMobil, which also has an LNG project in Mozambique, to turn the country into a major LNG producer.

"Considering the evolution of the security situation ... Total confirms the withdrawal of all Mozambique LNG project personnel from the Afungi site. This situation leads Total, as operator of Mozambique LNG project, to declare force majeure," the company said on April 26. Total, which aimed to produce its first gas cargo in 2024, suspended work on March 27 after the militant attack. Declaring force majeure implies a weightier suspension and allows Total to cancel work contracts.

"Mozambique was considered the next LNG El Dorado thanks to its large, low-cost resource base and ideal location to supply key demand centers," said Thomas Adolff from Credit Suisse. "Instead, it is looking more like ... Mozambique no longer playing a big role in the 2020s," he added. Carlos Zacarias, chairman of the institute that governs Mozambique's energy development, told reporters that Total would not fulfil contractual obligations while the force majeure was in place, but had not abandoned the project.

UBS tightens lending criteria for coal, oil sands and Arctic oil

(Reuters; April 22) - Swiss lender UBS said it has tightened its financing criteria for companies involved in coal-fired power generation and mining, arctic oil and oil sands, and will lay out a more detailed climate action plan later this year. UBS is one of a number of banks to sign up to a global initiative launched April 21 by UN climate envoy Mark Carney aiming to accelerate efforts by the financial services sector to help decarbonize the global economy.

As part of its efforts to get to net-zero carbon emissions across its business by 2050, the bank said it would further limit the lending it offers to companies involved in the most-contentious areas of the fossil fuel industry. For companies already involved in coal-fired power generation, UBS said on April 22 it would only lend if they relied on coal for less than 20% of their energy, down from 30% previously.

UBS said it would potentially lend to companies that breached this threshold if they had a transition strategy in line with the 2015 Paris Agreement on climate, or if the lending was for renewable energy or clean technology. For those involved in thermal coal mining, UBS said its new threshold would limit lending to those that make less than 20% of revenue from the activity, with the same caveats as for coal-fired power.

Lending to those with significant reserves or production in arctic oil or oil sands would be limited to those for which either accounted for less than 20% of reserves or production, down from a previous threshold of 30%, and with the same caveats as coal.

[Smaller players buy fossil fuel, coal assets shed by majors]

(The Wall Street Journal; April 21) - For all the talk of a transition away from fossil fuels, players in the energy sector are still willing to bet there is more money to be made in oil and coal. Major oil companies are selling billions of dollars of assets to boost their finances and cut carbon emissions, while mining companies have exited coal projects. Snapping up those unloved assets is a band of smaller competitors wagering that fossil fuels will remain the world's main energy for years to come, particularly in developing countries, and that underinvestment by larger rivals will further boost commodity prices.

For the big companies, the sales generate funds typically used to pay down debt and help them make the case that they are unloading polluting projects as they face growing investor pressure in a lower-carbon economy. But these projects — and their emissions — aren't going away. Instead, smaller players that face less environmental scrutiny take over. "While I agree that the direction of traffic is one way, toward renewables, I think it's going to take longer than people think," said Blair Thomas, chairman of Harbour Energy, which has bought U.K. assets from Shell and ConocoPhillips.

There is "a wave of private money that's been coming in sensing an opportunity to extract value out of these assets that larger companies weren't investing in," said Wood Mackenzie analyst Scott Walker. Many of the oil fields recently in play are "mature assets with high operating expenditures that typically have high emissions and that reinforces big companies' desire to sell," said Tore Guldbrandsøy, an analyst at consulting firm Rystad Energy.

[California governor wants to phase out oil and gas drilling by 2045]

(Reuters; April 23) - California Gov. Gavin Newsom on April 23 directed state officials to take steps to phase out oil and gas drilling in one of the nation's top oil-producing states by 2045 and to ban new fracking permits within three years. Newsom has been under pressure from environmental activists and progressive politicians who say oil and gas production is at odds with California's goals of moving away from fossil fuels and fighting climate change.

"I've made it clear I don't see a role for fracking in that future and, similarly, believe that California needs to move beyond oil," Newsom said. Oil production in California has declined steadily since the 1980s, partly because of tough environmental standards. But government data shows the state remains the seventh-biggest U.S. crude oil producer, second-biggest oil consumer, and home to 10% of U.S. refining capacity.

California's climate-change policies are among the most aggressive of any state, including a goal to ban gasoline-powered cars by 2035. Several green groups and Democratic lawmakers said the state needed to move more quickly to phase out drilling, while the oil and gas industry criticized the governor's announcement, as did some politicians who said the action would hurt jobs and communities. Fracking accounts for just 2% of oil output in California, according to the state Department of Conservation.

Oil majors need to make money while delivering on climate pledges

(S&P Global Market Intelligence; April 22) - Oil and gas majors are under growing scrutiny to deliver on climate pledges, with some investors and industry analysts still unconvinced that their transition can both deliver shareholder value and make a serious dent in reducing the pollution caused by their products. Shell presented a strengthened climate plan to its shareholders in February, acknowledging for the first time that it will need to eliminate or offset all of its emissions — including those generated when its fuels are burned, which make up the bulk — to reach its 2050 net-zero goal.

But executives acknowledge that the company is treading a fine line between building new low-carbon businesses while still investing in the oil and gas assets that will help fund the transition. For Shell and its peers, that also means courting sustainability-conscious investors looking to deploy a rapidly growing pool of environmental, social and governance-linked funds while retaining traditional shareholders who are worried about lower returns in sectors like wind and solar.

"It's the narrow path, I think, that we can navigate this energy transition highly successfully as a company. Our job is to persuade the investors and persuade civil society at large that we have got the right strategy in order to deliver on all of those different objectives," Ed Daniels, Shell's executive vice president of strategy and portfolio, said in an interview. "It's not a trivial exercise." In an industry first, Shell will put its own net-zero transition plan to its shareholders for an advisory vote. Should they disapprove, then "of course we would have to change," Daniels said.

[India’s growing COVID spread will knock down oil demand]

(Bloomberg; April 22) - India’s deadly second COVID-19 wave has brought an abrupt halt to its nascent recovery from the pandemic, with the resurgence expected to drag on fuel demand for weeks in a setback for the global oil market. India’s combined consumption of diesel and gasoline in April is poised to plunge by as much as 20% from a month earlier due to renewed restrictions, including a week-long lockdown in the capital New Delhi, according to officials from top refiners and fuel retailers.

While major oil processors were still buying crude recently, there are signs starting to emerge that refineries will likely need to be scaled back to adjust for falling demand. “Given the grim situation, it’s likely that the lockdowns could be in place for several weeks or even a couple of months,” said Senthil Kumaran, the Singapore-based head of South Asia oil at industry consultant FGE.

India has repeatedly shattered records for infections and deaths as the virus sweeps through the nation, stoking fears that the central government may be forced to implement another national lockdown to curb the spread. Preliminary industry sales figures show a significant impact to fuel demand during the first half of April and expectations are that the situation will only get worse. Oil demand from India and China has helped boost global prices for crude this year.

[Iran’s oil production highest since May 2019]

(The Wall Street Journal; April 22) - Signs are emerging of a shift underway in the oil market, with demand weakening in Asia and picking up in the West, just as supplies of Iranian crude oil have climbed. That marks a reversal from 2020, when a bounceback in economic activity in China and India powered a recovery in crude prices after the blow dealt by COVID-19. Now China’s imports have slowed while a worsening epidemic in India threatens to hit demand in the world’s third-largest consumer of oil.

Demand in the U.S. and Europe, on the other hand, is expected to rally as vaccination efforts gather pace and restrictions on movement are eased. At the same time supplies of sour Middle Eastern crude favored by Asia refiners are on the rise. The Organization of the Petroleum Exporting Countries has agreed to boost production to meet a pickup in global demand, while Iranian oil output has jumped since the fall. Iran pumped 2.3 million barrels a day in March, according to the International Energy Agency, its highest level since the Trump administration embargoed Iranian oil sales in May 2019.

Saudis reduce budgetary break-even oil price, move closer to Russia

(S&P Global Platts; April 22) - Lower fiscal break-even oil prices needed to balance Gulf nations' budgets are expected to help support the easing of OPEC+ cuts as regional members of the alliance reap the benefits of higher crude prices, greater non-hydrocarbon revenue and restrained public spending. Most Gulf countries, who are members of OPEC+, will see their budgetary break-even oil prices ease in 2021, according to the International Monetary Fund and Institute of International Finance.

The easing of fiscal break-evens for Saudi Arabia will draw it closer to Russia, its main ally in OPEC+, which has long based its budget on an oil price lower than most OPEC+ members. The Saudis' 2021 break-even is expected at $75 per barrel Brent versus $86 in 2020 due to austerity measures in the wake of last year's price crash, elimination of monthly payments to state workers, and the tripling of value-added tax to 15% to boost non-oil income, said Paul Sheldon, chief geopolitical adviser for S&P Global Platts.

"Saudi Arabia's 2021 fiscal break-even price exceeds that of Russia by just $11, signaling greater cohesion on production strategy than would have been the case even in 2019, when the gap exceeded $30," Sheldon said. "Such lower fiscal break-even oil prices would be one of the main reasons why Saudi Arabia, the UAE and other major oil producers in OPEC+ ease the production cuts in 2021 and 2022," said Garbis Iradian, chief Middle East and North Africa economist for the Institute of International Finance.

Oil majors will use spare cash to pay down debt, not dividends

(Bloomberg; April 24) - After one of the most difficult years in the oil industry's history, crude prices have recovered and major producers are finally generating spare cash. Investors really want to get their hands on it, but most are likely to be disappointed. That's because the pandemic has created a legacy of debt for the world's biggest oil companies, many of which borrowed to fund their dividends as prices crashed.

For ExxonMobil and Total, which bore the financial strain of maintaining shareholder payouts last year, any extra cash will go to easing debt. Chevron and Shell have said they want to resume stock buybacks, but not yet. Only BP is saying that shareholder returns could improve soon after a year and a half of flip-flopping over its payout policy.

"They have limited appeal as long-term investments because they can't demonstrate that they can deliver cash flow on a sustainable basis and return it on a sustainable basis," said Christyan Malek, the JPMorgan Chase head of oil and gas. North American oil majors managed to make it through 2020 with their payouts intact, but at a high cost. Exxon's debt pile surged 40% during the pandemic to $73 billion, prompting Moody's to downgrade the company's bonds twice in the past 12 months. The giant expects to return to profit in the first three months of 2021 after four straight quarterly losses.

Developer puts Oregon LNG project on pause

(Reuters; April 23) – Calgary-based Pembina Pipeline has paused development of its proposed Jordan Cove liquefied natural gas export plant in Oregon, according to a court filing. In the April 22 filing, Pembina said it was assessing "the impact of recent regulatory decisions involving denial of permits or authorizations necessary for the project to move forward." The company asked the U.S. Court of Appeals for the District of Columbia Circuit to place the case in abeyance pending the reassessment.

The US$8 billion Jordan Cove venture is one of several major energy projects that received strong support from former President Donald Trump but have failed to move forward. Other examples include TC Energy's $8 billion Keystone XL oil line, Williams Companies' $1 billion Constitution gas pipeline and Dominion Energy's $8 billion Atlantic Coast gas line. Though Pembina has promoted the Oregon project for years, it has never announced any firm long-term offtake contracts tied to the liquefaction terminal.

The Federal Energy Regulatory Commission approved construction of Jordan Cove and its gas pipeline in March 2020, but the project failed to receive necessary permits from Oregon amid fierce opposition from environmental groups, state officials, and much of the state's congressional delegation. Multiple parties are challenging the FERC decision in the federal appeals court. Jordan Cove's backers have emphasized that its position on the U.S. West Coast puts it closer to fast-growing Asian markets than Gulf Coast terminals, which have to send LNG through the Panama Canal.

Shareholders approve financing for Russian LNG project

(Reuters; April 23) - Shareholders of Russia's Novatek have approved financing of $11 billion for the Arctic LNG-2 project, which is expected to start production of liquefied natural gas in 2023, CEO Leonid Mikhelson said April 23. Fundraising will be split three ways between Russia, China, and with Japan, and Europe combined, he said. The $21 billion project, which received final investment approval in 2019, is expected start up in 2023 and reach full capacity of almost 20 million tonnes per year in 2026.

The project's equity partners include France's Total, China National Petroleum Corp., China National Offshore Oil Corp., and the Japan Arctic LNG consortium, comprised of Mitsui and state-owned JOGMEC, formally known as Japan Oil, Gas and Metals National Corp. The Arctic LNG-2 terminal will be across the bay from the Novatek-led Yamal LNG terminal, the first in Russia's Far North. Yamal started up in 2017.

Mexico Pacific LNG project plans decision by next year

(S&P Global Platts; April 21) - Mexico Pacific Ltd. executives embraced the idea of a racehorse coming out of nowhere as a way to describe their proposed liquefied natural gas project that would export U.S. Permian Basin gas from Mexico's West Coast. "'Dark horse' is a good description, but this will be my third time I've been on a dark horse project," CEO Douglas Shanda said in an interview. Shanda is a former Cheniere Energy executive who also worked several years on the successful Peru LNG project.

The private developer has been quietly building the commercial support it needs to advance to construction. The terminal would be capable of producing up to 12.9 million tonnes of LNG a year. Executives said they expect to reach a final investment decision in late 2021 or early 2022 and to begin exports by 2025. The company's reports of commercial progress come as more than a dozen developers in North America compete to advance their LNG projects to construction. The company's site is in Puerto Libertad, Sonora, about 125 miles south of Arizona on the northern edge of the Gulf of California (Sea of Cortez).

Developers, especially those with greenfield projects that would be built from the ground up, have struggled to build the commercial support to get to FID. Mid-sized projects like Mexico Pacific and expansion projects of existing terminals appear to have attracted the most commercial interest, said Jason Feer, head of business intelligence at Poten & Partners. "Obviously, with the number of projects that we have in the U.S., there is not room for everybody," Feer said. One reason smaller projects can appeal to buyers is that developers need to contract fewer LNG supplies to secure financing, he said.

U.S. LNG industry recovering from pandemic slowdown

(Houston Chronicle; April 25) - Analysts were raising concerns about a glut of liquefied natural gas coming onto global markets when the pandemic hit in 2020. As economies shut down and energy demand plummeted, the future of LNG exports from the U.S. Gulf Coast looked grim. A year later, however, LNG has bounced back, recovering faster than the oil industry and resuming its expansion. Cheniere Energy recently completed the third production unit at its Corpus Christi complex in Texas, while moving ahead with construction of a sixth unit at its Sabine Pass facilities in Louisiana.

Virginia-based Venture Global told U.S. regulators last month that its Calcasieu Pass in Cameron Parish, Louisiana, could ship its first cargo in late 2021. Sempra, which also operates an LNG export terminal in Cameron Parish, is moving toward development of an LNG terminal in Port Arthur, Texas. “Basically,” said Jordan McNiven, an analyst at investment bank Tudor Pickering & Co., “the industry has fully recovered.”

The U.S. LNG industry struggled with slumping global demand through most of 2020. “The LNG market, already challenged, got kicked in the gut by COVID-19,” McNiven said. The market, however, began to turn in September as demand began to grow in Asia, where countries such as China and South Korea brought COVD-19 under control, and extremely cold weather in North Asia caused gas demand for heating to soar.

It remains to be seen if the LNG industry can balance long-term supply with demand. Analysts worry that if most of the planned projects — not only on the Gulf Coast but around the world, including in Russia and especially Qatar's 40% capacity expansion — come online over the next four years, supply could outstrip demand.

Retired CEO says era is over for large Australia LNG projects

(Australian Financial Review; April 23) – Investor concerns about climate change and the risk of stranded assets mean the era of massive liquefied natural gas projects is over for Australia, said Peter Coleman, former head of the country's biggest oil and gas producer, Woodside Petroleum. "It's difficult for me to see a Gorgon happening again," he said, referring to the massive Chevron-led project offshore Western Australia. "Huge greenfields projects that cost US$50 billion are not where investors want to be today."

Coleman also warns fast-changing investor appetite means "the window will close toward the end of the decade" even for more modest-sized LNG projects able to use existing infrastructure. "What's fundamentally changed now is the capital discipline in the industry that wasn't there before, and obviously the focus on climate change," he said. "It's gone from being almost being an industry that were deniers to an industry that has accepted we need to be part of the change."

After more than a decade as Woodside CEO, Coleman unexpectedly stepped down as chief executive last week, several months ahead of his planned departure. He argues the real future growth option for Australia is hydrogen — mainly green hydrogen, powered by renewable energy — as the world increasingly turns against fossil fuels. That's even though he cautions hydrogen is "easy to say and really hard to do," especially as costs will need to come down to be competitive.

Strong demand in Europe and Asia boost U.S. LNG exports

(Natural Gas Intelligence; April 23) - It's shaping up to be a drastically different summer for U.S. liquefied natural gas exporters as the global market has unexpectedly tightened and demand has spiked in a reversal of fortunes from last year when trade slumped to historic lows. "Things changed a lot," said Rystad Energy's Carlos Torres Diaz, head of gas and power markets. "This time last year, things were very gloomy and really for this year also. There were expectations that the recovery would be slow."

This year was always likely to be a better one for commodities as the global economy continues to rebound from the worst of the pandemic. The International Energy Agency still expects year-on-year gas demand growth to be modest at 3.2%. But a brutal winter in the Northern Hemisphere caught the global gas market unaware, leaving storage inventories in Europe and Asia short and setting the stage for a strong injection season.

In Europe, working storage inventories finished the heating season on March 31 eleven percent below the five-year average and 44% less than record-high stocks at the same time last year. Asia and Europe competed for LNG cargoes over the winter and stocks in the Far East were also depleted, driving stronger-than-expected restock demand. The market has proved a boon for U.S. exports. Feed gas to U.S. LNG terminals has run at over 11 billion cubic feet per day this month, continuing a stretch of record highs set in March.

Maritime industry looks to LNG as bridge to cleaner fuels

(The Wall Street Journal; April 22) - The maritime industry, under growing pressure to reduce shipping's carbon emissions, is coming to a growing consensus that liquefied natural gas will provide an intermediate solution toward finding cleaner fuel to power ships. Two of the world's biggest container lines have ordered ships that will operate with LNG, while Shell and Australian miner BHP Group the past year have been offering long-term charters to shipowners willing to build gas-fueled tankers and bulk carriers.

"The choice of LNG is now emerging as a mature energy solution, especially effective in terms of environmental protection," said Melanie Rigaud, a spokeswoman for France's CMA CGM, which operates 13 LNG-powered container ships and is taking delivery of 19 more such ships by next year. The focus on new fuel sources marks the biggest change in ship power since the sector switched from coal to oil over 100 years ago.

The effort is aimed at meeting an International Maritime Organization deadline to cut carbon emissions in half by 2050 from 2008 levels. A raft of new fuels from ammonia and hydrogen to biofuels are being tested, but none is available in the volume needed to power the world's 60,000 ocean vessels and tens of thousands of smaller ships. The order book for LNG powered-vessels stands at about 140 ships, according to the IMO, with 27 ordered this year. German operator Hapag Lloyd placed a $1 billion-plus order last year for six LNG-fueled behemoths that can each haul 23,500 containers.

Maritime industry could need $1.5 trillion to meet emissions goal

(S&P Global Platts; April 21) - Sustainability-linked loans will emerge at the forefront of shipping finance as investments of $1.4 trillion to $1.5 trillion are needed over the next three decades for technology, operations, and fuels to halve the industry's carbon emissions by 2050, a banking executive said April 20. About 87% of these investments are projected to be land-based such as in low- or zero-carbon fuels, Roger Charles, with Standard Chartered, said at the Marine Money conference in Singapore.

The rest of the investments are likely to be directly ship-related, such as in technology efficiency and operational improvements, Charles said. The ongoing energy transition and decarbonization drive has accelerated the hunger for maritime finance during the coronavirus pandemic. Standard Chartered estimates that $350 billion will have to be committed by 2030 alone to achieve regulatory goals for lower carbon in shipping.

Eco-friendly or carbon-linked shipping loans are becoming more common at a time when the UN's International Maritime Organization has proposed new decarbonization rules expected to be in force by end 2022. They will require all ships of 5,000 gross tonnage and larger to calculate their carbon intensity to attain a specific rating on a sliding scale and then show improved performance in terms of lower emissions.

Shipping industry says it wants a tax on its carbon emissions

(Bloomberg; April 21) - It's rare for an industry powered by fossil fuels to call for a tax on its own carbon emissions. Yet the shipping sector is doing just that. Several trade groups, representing more than 90% of the world's merchant fleet, have submitted a proposal to the shipping industry's United Nations regulator calling for it to prioritize a carbon tax for the industry, the International Chamber of Shipping said April 21.

While it's unlikely any levy will be imposed immediately, the call highlights the growing pressure shipping is under to decarbonize from customers and politicians alike. The International Maritime Organization approved new emissions rules in November, but the trade groups say these won't be enough to hit the UN body's 2050 climate targets — which include a halving of annual greenhouse gas emissions versus 2008 levels.

Instead, talks on a market-based measure that would put a price on pollution should start "as soon as possible and before 2023," the trade groups say. The industry isn't the first to call for a tax. Commodity trading giant Trafigura has suggested a tax of $250 to $300 per ton of carbon dioxide on ship fuels, while the Marshall and Solomon islands have proposed a duty on greenhouse gases from international shipping. The European Union is considering whether to include shipping in its emissions trading plan.

Ontario will use compressed natural gas to serve small communities

(CBC Canada; April 22) - Lakeshore Natural Gas, a local distribution company for five Ontario communities along Lake Superior's north shore, said April 21 it has signed a letter of intent for a long-term gas supply agreement with Certarus, ruling out the use of liquefied natural gas. The latest development in the North Shore Natural Gas Project is a big step toward supplying low-carbon energy to five communities with a combined population under 12,000: Marathon, Terrace Bay, Schreiber, Manitouwadge and Wawa

The agreement with Certarus involves the transportation, storage and supply of compressed natural gas. The proposed C$55 million North Shore gas project aims to provide thousands of customers, including residences and businesses, with a cleaner and more affordable energy. According to Lakeshore, the gas would be trucked to each community, returned to pipeline-ready natural gas and moved through distribution systems that will need to be built in each community.

Over the past five years, the municipalities have been pressing the Ontario government for gas services to support economic development, and reduce high heating and energy costs. In 2019, the province announced a nearly $30 million investment in construction and operation of a liquefied natural gas plant near Nipigon, Ontario, as a source for the communities. However, the government ruled out the LNG option in the competitive bid process with the lower-cost, lower-volume option of compressed gas winning.

China pledges to phase down coal consumption starting 2026

(Reuters; April 22) - China will start to phase down coal consumption over the 2026-2030 planning period as part of its efforts to reduce climate-warming greenhouse gas emissions, President Xi Jinping told the Climate Leaders' Summit on April 22. "We will strictly control coal-fired power generation projects," Xi said, speaking via video link. "We will strictly limit the increase in coal consumption over the 14th five-year plan period (2021-2025) and phase it down in the 15th five-year plan period (2026-2030)."

Xi's comments imply that China's coal consumption, by far the highest in the world, will reach a peak in 2025 and start to fall thereafter. "However, more ambitious actions are needed," said Li Shuo, senior climate adviser for environment group Greenpeace. Xi pledged last year that China would bring its emissions to a peak before 2030 and become carbon neutral by 2060. "China has committed to move from carbon peak to carbon neutrality in a much shorter timespan than what might take many developed countries, and that requires extraordinarily hard efforts from China," Xi said.

China's energy regulator said earlier on April 22 that it would aim to reduce the share of coal in its total energy mix to less than 56% this year, but it remains one of the only major economies to approve new coal projects.

North Dakota legislators vote to share oil taxes with tribe

(Bismarck Tribune; ND; April 22) - The Mandan, Hidatsa, and Arikara Nation appears poised to start collecting tax revenue from 132 additional oil wells in North Dakota that straddle the border of the Fort Berthold Indian Reservation. The tribe would receive an estimated $7.15 million from those wells over the next two years under a new tax-sharing formula with the state laid out in legislation which has cleared both chambers of the Legislature and is headed to Gov. Doug Burgum for his signature.

Under the bill, the tribe would receive a portion of oil taxes from wells that begin off the reservation and extend across the border into their land. The state currently does not share taxes on those wells but does for wells that are entirely within Fort Berthold or start on the reservation. The tribe has pushed to collect revenue from all the so-called "straddle wells" for several legislative sessions, describing the issue as an "inequity." The tribe estimates it has lost out on over $200 million in revenue since the state and tribe started sharing oil tax revenue in 2008 after the Bakken oil boom began.

The House passed the bill 79-13 on April 22, a day after the Senate approved it 43-3. "What this bill does is it provides tax certainty to the oil industry," Sen. Dale Patten told lawmakers on the Senate floor. "It increases certainty and stability and provides encouragement and support for continued drilling that will provide revenue for all entities." A provision in the bill seeks to prevent a scenario in which Nation levies its own oil tax, in effect causing producers to be taxed twice.