

# **Oil and Gas News Briefs**

## **Compiled by Larry Persily**

### **September 20, 2021**

#### **U.S. natural gas prices double of six months ago; could get worse**

(Wall Street Journal; Sept. 19) - Natural gas prices have surged, prompting worries of winter shortages and forecasts for the highest prices since frackers flooded the market over a decade ago. U.S. futures ended Sept. 17 at \$5.105 per million Btu — double of six months ago — the highest since blizzards hit the Northeast in early 2014. Analysts say it might not have to get that cold this winter for prices to reach heights unknown in the shale era, which transformed the U.S. from a gas importer to supplier to the world.

Rock-bottom gas prices have been a reliable feature of the U.S. economy since the financial crisis. Gas crashed and never recovered thanks to the abundance extracted with horizontal drilling and hydraulic fracturing. Gas is burned to generate electricity and heat homes and to make plastic, steel and fertilizer. A sustained increase in price would be felt from households to industry. The volume of gas in storage is down significantly from the five-year average. “The time to replenish stocks for the winter is rapidly running out,” said Lindsay Schneider, an analyst with consultants RBN Energy.

Supplies have been depleted by a series of weather events. February’s freeze in Texas lifted demand while clogging wells with ice. June and July were the hottest on record and the drought out West dried up hydropower production, which meant more gas than normal was needed to power air conditioners. Late last month Hurricane Ida forced nearly all of the Gulf of Mexico’s gas output offline. More than a third of the Gulf’s natural gas production remained shut in as of Sept. 17, according to federal regulators.

#### **Europe's natural gas shortage 'could get very ugly'**

(Bloomberg; Sept. 17) - Europe is bracing for a tough winter as an energy crisis that's been years in the making leaves the continent relying on the vagaries of the weather. Faced with surging gas and electricity prices, countries from the U.K. to Germany will need to count on mild temperatures to get through the heating season. Europe is short of gas and coal, and if the wind doesn't blow the worst-case scenario could play out and widespread blackouts could force businesses and factories to shut.

The unprecedented energy crunch has been brewing for years, with Europe growing increasingly dependent on intermittent sources of energy such as wind and solar while investments in fossil fuels declined. Environmental policy has pushed some countries to shut their coal and nuclear fleets, reducing the number of power plants that could serve

as back-up. "It could get very ugly unless we act quickly to try to fill every inch of storage," said Marco Alvera, CEO of Italian energy infrastructure company Snam.

And it's not just businesses. Governments are also concerned about the blow to households already contending with higher costs of everything from food to transport. As power and gas prices break records day after day, Spain, Italy, Greece and France are all stepping in to protect consumers from inflation. Europe's gas prices have more than tripled this year as top supplier Russia has been curbing the additional deliveries the continent needs to refill its depleted storage sites after a cold winter last year.

"Gas supply is short, coal supply is short and renewables aren't going great, so we are now in this crazy situation," said Dale Hazelton, head of thermal coal at Wood Mackenzie. "Coal companies just don't have supply available, they can't get the equipment, the manufacturers are backed up and they don't really want to invest."

### **Asia's LNG buyers 'panicking a little bit'**

(Bloomberg; Sept. 16) - The energy crunch in Europe is sparking panic among Asian fuel buyers, causing importers from Japan to India to pay a hefty price for supplies. Worried that the eye-watering price of natural gas in Europe will spill over, LNG traders in Asia say they're paying record prices for this time of year. Buyers in China and Pakistan have also pushed up the price of gas, coal, propane and fuel oil in order to compete with the U.K. and Spain.

The scramble for fuel isn't likely to subside any time soon, with the weather getting colder and energy shortages worldwide. The global price rally is expected to continue through this winter when demand in the Northern Hemisphere peaks, fueling inflation and putting the fragile economic recovery at risk. "Asia is panicking a little bit because they had a really bad winter last year," said Ogan Kose, a managing director and global lead for integrated gas at Accenture. Buyers are preparing for another bad winter by ensuring they have enough inventory and are paying top rates for that, he said.

Nowhere is this more apparent than in the liquefied natural gas market. On Sept. 15, Japan's Tohoku Electric Power and GAIL India both procured LNG shipments for November and December delivery at prices that are among the highest ever for this time of year, according to traders with knowledge of the deals.

### **High energy costs push U.K. manufacturer to close plants**

(Bloomberg; Sept. 16) - Europe's energy crunch has forced a major fertilizer maker to shut down two U.K. plants, the first sign that a record rally in gas and power prices is threatening to slow the region's economic recovery. CF Industries Holdings said Sept.

15 that it is halting operations at its Billingham and Ince manufacturing complexes due to high natural gas prices, with no estimate for when production will resume.

The move comes as Europe is facing an extreme squeeze for energy supplies, with gas and power prices breaking records day after day. The continent is running out of time to refill storage facilities before the start of the winter as flows from top suppliers Russia and Norway remain limited. There's also a fight for shipments of liquefied natural gas, with Asia buying up cargoes to meet its own demand.

The crisis could have severe economic consequences. Soaring prices are exposing the risk of power outages this winter, according to Goldman Sachs. Blackouts would likely send energy prices even higher, compounding concerns about inflation and adding to the rising costs businesses are already shouldering for raw materials. CF has so far taken the most drastic move of companies operating in the region, but others are warning of similar moves.

### **Wind energy shortfall an economic and political problem for U.K.**

(Bloomberg; Sept. 16) - The U.K.'s wind-power drive has dramatically cut carbon emissions, but it's also created a vulnerability that's been brutally exposed. Calm weather over the past two weeks has cut output from the country's 11,000 turbines, which account for more than 20% of electricity generation. Coupled with a Europe-wide natural gas shortage, the crunch has forced some companies to halt operations, which could hold back the economy if they become more widespread.

The combination is a headache for Prime Minister Boris Johnson at a time the country is struggling with a shortage of workers that's disrupted industry and retailers. In addition, higher energy costs for consumers may dampen the spending that has helped drive the rebound from the pandemic recession, and the crisis could spark a backlash against renewable energy and net-zero emissions targets. That would make for an unwelcome backdrop as the U.K. prepares to host world leaders at a climate summit this fall.

Britain plans to quadruple offshore wind capacity by 2030 as part of its efforts to be net-zero by 2050. But a smooth transition from fossils to greener fuels isn't guaranteed, and regular capacity crunches could become the norm. Along with worries about higher prices, that will make ambitious climate goals a much harder sell. Britain has already turned to coal-burning stations to fill the energy shortfall, but there's a gap emerging there too. By 2024 there will be no more coal stations left, and five of the U.K.'s eight nuclear plants will also be halted permanently.

## **Gazprom says Europe's natural gas prices could go higher**

(Reuters; Sept. 17) - Alexei Miller, the head of Russian gas giant Gazprom, on Sept. 17 said natural gas prices in Europe could scale new heights due to low gas storage levels in the region. Speaking at an online conference, Miller also said that demand for gas is rising, adding that what he described as a "clean fuel" could help transition to greener energy. Gazprom said last week that it had finished construction of the undersea Nord Stream 2 gas pipeline to Germany, doubling its exporting capacity via the Baltic Sea.

Gas deliveries have yet to be cleared by Germany's regulator, and it may take up to four months before gas starts flowing via the new route. Meanwhile, day-ahead gas prices at the Dutch TTF hub, a European benchmark, have more than tripled this year to record levels, driving up power prices as the winter heating season approaches with below-average levels of gas in storage.

Miller said Europe's gas storage is about 800 billion cubic feet below normal. "This is very big. ... All the experts are saying that Europe won't be able to catch up with the lag in pumping (to gas storages). Europe will enter the autumn/winter period with shortages in underground storages," he said. "Of course, the situation is having an impact on prices and we see that the prices in Europe have beaten all the possible records. It's even possible that they will beat the records which they had already achieved."

## **U.S. manufacturers group wants cutback in LNG exports**

(Reuters; Sept. 17) - A manufacturers trade group on Sept. 17 urged the Department of Energy to order U.S. liquefied natural gas producers to reduce exports, warning of price increases and supply shortages this winter. Gas prices have surged this year on strong global demand and modest production increases in the first half. The call for U.S. gas has more than doubled domestic prices, with exports up 41% from a year ago. The U.S. benchmark was trading at \$5.22 per million Btu on Sept. 17, up from \$2.54 in January.

U.S. utilities have stored less gas than normal for the winter heating season, when demand for the fuel peaks. U.S. stockpiles are 7% below the five-year average for this time of year. Industrial Energy Consumers of America (IECA), a trade group representing chemical, food and materials manufacturers, said U.S. prices would have to increase to \$10 to provide incentive to producers to pump more gas and bring stocks back to historic levels — a price that would hurt U.S. businesses that consume gas.

IECA asked the Energy Department to stop permitting new LNG exports and to order producers to reduce shipments until U.S. inventories grow. An LNG trade advocate said gas exports do not hurt U.S. consumers and the majority of buyers have fixed contracts with prices much lower than the spot rate. "What we seen and proven repeatedly time and time again is that the price of natural gas has not been negatively impacted by LNG exports," said Charlie Riedl, executive director of Center for Liquefied Natural Gas.

## **Analyst sees new U.S. LNG projects going ahead in 2022**

(Natural Gas Intelligence; Sept. 17) - The environment for North American liquefied natural gas final investment decisions is looking brighter in 2022, with buyer interest in long-term contracts on the rise amid record-high spot prices. While the COVID-19 pandemic caused global demand to soften and resulted in project delays in 2020 and 2021, a handful of North American projects are expected to move forward next year.

Unseasonably high Japan-Korea Marker prices for LNG spot cargoes "could be the final push that some buyers need to forego the volatility in the spot market for a long-term contract," said BTU Analytics energy analyst Connor McLean. Globally, sale and purchase agreements for 53 million tonnes per year of LNG were signed in the first eight months of 2021, compared to just 16 million in 2020, according to figures from Rystad Energy. Of the deals signed this year, 11 million tonnes were for U.S. projects.

"We are likely to see the return of North American LNG FIDs in 2022," said Rystad Energy vice president of markets Sindre Knutsson. "Given the current demand and prices, buyers are willing to sign long-term contracts and sellers are getting the budgets back." And although the window for reaching FID sometime this year is dwindling, there is a possibility that at least one U.S. project could move forward by the end of 2021. Freeport LNG's Train 4 expansion in Texas is the likeliest candidate, Knutsson said.

Looking ahead, Knutsson and McLean said two greenfield projects are expected to move forward in 2022: The first phase of Tellurian's Driftwood LNG project, and the first phase of Venture Global LNG's Plaquemines LNG terminal, both in Louisiana.

## **U.S. LNG developers keep pushing, but challenges persist**

(S&P Global Platts; Sept. 15) - The biggest U.S. LNG exporter, Cheniere Energy, is looking at sanctioning an expansion project in 2022 and other LNG developers have signed supply deals that could push projects forward after a dearth of final investment decisions the past few years. "There is a renewed enthusiasm," said Michael Webber, an independent LNG analyst and managing partner at an investment research firm.

The next several months could be pivotal for determining whether much new U.S. LNG production capacity makes it to the construction stage. The global gas market appears likely to continue its recovery from pandemic-driven disruptions that muted investors' appetite for new multibillion-dollar LNG infrastructure. But this may also be a time when projects that have struggled for a long time finally fade away.

Favorable market dynamics have kept the six major LNG export terminals that operate in the U.S. running at close to full bore for months, with two more under construction on the Gulf Coast. The outlook for U.S. developers of new projects also improved after

unexpected delays for competing LNG export projects abroad and growing concern about the supply picture among buyers who were jolted by winter gas shortages.

More than a dozen North American LNG developers are competing to advance their projects, but those that have managed to sign new off-take deals in recent months have been limited to a relatively small group. Lingering challenges have included pressure from buyers to be flexible on pricing and contract terms, as well as pressure to bring down project costs. Developers also faced mounting concerns over greenhouse gas emissions associated with U.S. LNG throughout the natural gas supply chain.

### **Winter power shortage threatens China's economic recovery**

(Bloomberg; Sept. 15) - China is staring down another winter of power shortages that threaten to upend its economic recovery as a global energy supply crunch sends the price of fuels skyrocketing. The world's second biggest economy is at risk of not having enough coal and natural gas — used to heat households and power factories — despite stockpiling efforts the past year as rivals in North Asia and Europe compete for supply.

Demand for heating will jump as winter hits, which could trigger power rationing similar to those last winter and over the summer. An energy deficit and sky-high prices could wreak havoc on Chinese industries, exacerbating faltering economic growth after stringent virus controls cut consumer spending and travel. In a worst-case scenario, households may be unable to stay warm during bouts of frigid weather, although analysts say the government would sacrifice factory output to keep homes supplied.

"It is likely that some provinces in southeastern China will encounter another wave of power shortages during the coldest days," BloombergNEF analyst Hanyang Wei said by email. "Coal fuel supply has been tight throughout 2021 summer, and is not yet getting eased." Earlier this week, Goldman Sachs nearly doubled its price forecast for the Asian coal benchmark from October to December. Part of the reason is a competing power plant fuel: The North Asian spot rate for liquefied natural gas has jumped five-fold in the past year and is trading at the highest seasonal level on record.

### **China's plan for 'green' 2022 Olympics will boost natural gas demand**

(S&P Global Platts; Sept. 15) - China's push to host a "green" 2022 Olympics and Paralympic Winter Games is expected to boost clean energy demand including natural gas consumption over the coming winter-spring heating season, but this has also raised concerns about costlier natural gas as global prices surge to record levels. China committed to the World Health Organization's air quality standards for the games, scheduled for Feb. 4-20 in Beijing, when it first applied to host them in 2014.

Since then, the central and provincial governments have taken new measures to cut pollution from industrial, residential and transportation sources in the region, including switching away from coal in many sectors. These complement ongoing anti-pollution policies that have previously supported China's gas demand growth. The latest salvo of anti-pollution measures underscores the role of policy in China's gas demand.

China plans to power all venues in the games' co-host cities of Beijing and Zhangjiakou with renewables-based electricity, and more than 85% of public transport will be from clean-energy vehicles including pure electric, natural gas-powered, hydrogen fuel cell and hybrid vehicles, according to state media. These measures are expected to boost China's gas consumption. However, the expected boost in demand has raised concerns of higher prices, especially as the market for LNG cargoes to Asia is at record highs.

### **Sinopec expects China's oil consumption to peak 2026; gas in 2040**

(Reuters; Sept. 16) - China's oil consumption is likely to peak around 2026 at about 16 million barrels per day and that of natural gas by around 2040, according to a top executive of Sinopec. The company's oil-peak forecast echoes a prediction by consultancy Rystad Energy in April that cited rapid adoption of electric vehicles as the main cause for global oil demand to peak over the next five years.

Oil will eventually become a raw material for chemicals rather than fuel, Ma Yongsheng, Sinopec's acting chairman, told a seminar in Beijing on Sept. 16. The top Asian refiner will "forcefully promote" green growth of its refining and petrochemical business and remove inefficient and energy-intensive capacity. "We will accelerate the transition from oil to chemicals and boost production of high-end materials ... and raise lower-carbon feedstocks to cut down the carbon footprint throughout the manufacturing cycle."

China's natural gas consumption is forecast to peak around 2040, when demand is estimated at almost 22 trillion cubic feet, and gas will become China's top fossil fuel resource around 2050, Ma said. China sees natural gas a key bridge fuel that is going to expand steadily in demand for the next two decades.

### **Los Angeles County moves against urban oil field**

(The Los Angeles Times; Sept. 16) - The Los Angeles County Board of Supervisors has taken the first steps to phase out oil production in unincorporated areas, including the Inglewood oil field — a move that environmental justice advocates celebrated as historic after decades of fighting. On Sept. 15, the board unanimously voted to ban new oil wells and evaluate the status of existing ones while changing their zoning to "nonconforming."

The environmental impacts of oil drilling in L.A. County have fallen disproportionately on people of color. Supervisor Holly Mitchell, who wrote two of the drilling-related motions that passed, said 73% of county residents who live near an oil well are people of color. According to one of Mitchell's motions, proximity to oil drilling can increase the risk of asthma and heart disease, as well as the chance of low-birthweight babies.

The Inglewood field, one of the largest contiguous urban oil fields in the country, has averaged 2.5 million to 3.1 million barrels a year for the past decade, according to its website. "In addition to this equity issue, which should concern all of us, oil and gas drilling is contributing to the climate crisis," said Mitchell, whose district includes the oil field. Existing oil wells cannot legally be shut down until owners recoup the costs of drilling. Under a motion the board passed Sept. 15, the county will conduct an amortization study to see whether costs have been recouped for each site.

### **Louisiana has to deal with orphaned wells in hurricane aftermath**

(EnergyWire; Sept. 17) - The wave of bankruptcies that hit the oil industry is exacerbating the environmental fallout from Hurricane Ida, according to Louisiana officials. There are 446 orphan wells in areas hit by the storm that are under state jurisdiction, according to the Louisiana Department of Natural Resources. Of those, more than a third were left behind by companies that went bankrupt since 2016.

State officials still haven't been able to reach all the sites to inspect them for leaks and damage since Ida struck on Aug. 29 — and it's likely that at least some of them are leaking, according to the Louisiana Oil Spill Coordinator's Office. The problem highlights how climate change and the oil industry's economic woes are compounding the environmental problems in vulnerable areas like Louisiana. Hurricanes are becoming stronger, which in turn can cause more damage to the state's abandoned wells.

Orphan wells are sites that have been abandoned by their previous owners, which typically leave state or federal agencies in charge of cleaning them up. Researchers have said there are as many as 3 million orphan wells across the U.S. State oil and gas regulators have been warning for years that the oil industry's bankruptcy crisis would leave them responsible for a wave of orphan wells.

Oil prices fell 2014-2016, then plummeted when the pandemic hit in 2020 before rebounding this year. At least 266 producers have become insolvent in the past six years, according to the law firm Haynes & Boone. The results were clear in Louisiana. The state had about 2,900 orphan wells awaiting cleanup for several years, but bankruptcies were one of the main factors that pushed the number to roughly 4,500.

## **Pipeline owner tells Minnesota regulators that insurance harder to get**

(Minneapolis Star Tribune; Sept. 17) – Calgary-based Enbridge will have a tougher time finding insurance for its controversial Line 3 oil pipeline as insurers increasingly limit coverage of oil and pipeline projects — particularly those tied to Canada. That was the upshot of filings Enbridge made last week with the Minnesota Public Utilities Commission, which has oversight on the portion of the Canada-to-Wisconsin line that runs through Minnesota.

The insurance market has an increasing aversion to oil projects due to carbon emission concerns and the low profitability of insurers hit by pollution-related losses, said a report done for Enbridge by Marsh, one the world's largest insurance brokerages. "As we continue to see insurers reduce participation or withdraw from the crude oil infrastructure coverage, replacing their participation will become extremely challenging ... for Enbridge and other pipeline risks in the near future," the Marsh report said.

In addition to a general corporate liability policy, the Minnesota commission also required Enbridge to buy specialized "environmental impairment liability." Getting a \$200 million damage limit for that environmental policy will become "more challenging," the Marsh report said. "This is a challenge for all pipeline companies, particularly those with oil sands connections." The Enbridge Line 3 is the largest conduit of Canadian oil into the U.S. A new multibillion-dollar line will replace Enbridge's corroding old Line 3.

## **Canada's oil patch province hit hard by latest COVID wave**

(Bloomberg; Sept. 19) - Canada's oil heartland of Alberta is struggling with a dangerous COVID-19 wave, with hospital intensive-care beds filling up so quickly that health professionals are preparing to make decisions about who lives and who dies. Premier Jason Kenney announced new isolation measures and introduced a "passport" system for vaccinated people to enter businesses such as restaurants. He introduced the steps as hospitals were within 10 days of running out of intensive-care beds, the premier.

Patients could be transferred out of the province, and health officials are preparing for the Critical Care Triage Protocols, used to determine who receives life-saving critical care and who doesn't. Four Alberta health care unions released a letter on Sept. 18 imploring Kenney to ask the federal government to deploy the military, Red Cross and all other medical resources to assist the province's "overwhelmed hospitals."

With some 11,000 COVID-19 infections in past seven days, Alberta's roughly 12% of the Canadian population accounts for more than a third of cases nationwide, government data show. The province, which holds the world's third-largest crude reserves, has experienced severe surges in the past. Kenney, under pressure throughout the pandemic from some members of his party critical of the lockdown measures, relaxed restrictions only to reimpose them when cases began to spike.

## **Japan, Australian firms work toward hydrogen fuel supply**

(Reuters; Sept. 15) - Japan's biggest hydrogen supplier Iwatani and five other firms said on Sept. 15 they will study the feasibility of building a green liquefied hydrogen supply chain between Japan and Australia that could produce 100 tonnes a day by around 2026. Green hydrogen is a zero-carbon fuel made by using renewable power to split water into hydrogen and oxygen. It is increasingly promoted as a way to decarbonize emissions-intensive long-haul transport and heavy industry.

Green hydrogen projects are also key to helping Japan meet its target of becoming carbon neutral by 2050. Iwatani and three other Japanese companies — Kawasaki Heavy Industries, Kansai Electric Power and Marubeni — signed a memorandum of understanding with two Australian energy infrastructure firms, Stanwell and APT Management Services, for the Central Queensland Hydrogen Project.

The project will produce hydrogen on a large scale using renewable energy, liquefy it at the Port of Gladstone in Queensland, Australia, and then export the liquefied hydrogen to Japan. It aims to produce and supply low-cost hydrogen reliably over the long-term, with goals of producing at least 100 tonnes of hydrogen a day around 2026, and 800 tonnes a day from 2031, the companies said in a statement. The current production volume of liquefied hydrogen in Japan is up to 30 tonnes a day.

## **Chevron boosts spending on new low-carbon business unit**

(The Wall Street Journal; Sept. 14) – Chevron is tripling spending in its new low-carbon unit, which CEO Mike Wirth said he increasingly sees as a viable business. The oil giant is pledging to spend \$10 billion through 2028 on biofuels, hydrogen production, carbon capture and other technologies, up from a prior commitment of around \$3 billion. Wirth said the spending boost reflects optimism in the new energies unit. Chevron expects the unit to generate more than \$1 billion in operating cash flow by 2030, he said.

The increased green investment still represents a fraction of what Chevron is spending on oil and gas projects. In December, Chevron said its capital spending would range from \$14 billion to \$16 billion a year through 2025. The planned low-carbon investment would amount to roughly 10% of that. Wirth said Chevron's strategy would allow the company to reinvest in its legacy business, while exposing it to new opportunities, as the nascent transition to lower-carbon emitting energy sources unfolds.

Investors are increasingly asking oil companies to diversify beyond fossil fuels and articulate a strategy for charting how they will navigate tightening global regulations on oil and gas. Wirth told analysts Sept. 14 that the company believes its new low-carbon investments can earn double-digit returns immediately, whereas investing in wind and solar power would yield less than a 10% return for Chevron.

## **Russia wants global role as major hydrogen producer**

(S&P Global Platts; Sept. 17) - Russia hopes to transform the hydrogen fuel sector in the coming years with the help of western partners as pressure builds from importers for the cleaner fuel. The country's hydrogen strategy sees Russia as one of the world top producers and exporters of hydrogen, targeting 20% of the global market by 2030 with exports of 2 million tonnes a year by 2035 and 15 million to 50 million tonnes by 2050.

The end-goal of 50 million tonnes per year of hydrogen exports would be equivalent to the energy of about 5.7 trillion cubic feet per year of natural gas. "This would in essence replace all natural gas exports from Russia to Europe today with hydrogen," S&P Global Platts Analytics said. With European gas spot prices having surged to record highs, all eyes at the Tyumen Oil and Gas Forum in mid-September turned to the development of the hydrogen sector as a potential alternative for natural gas.

Russia is considering developing hydrogen projects based on nuclear, natural gas and renewables to provide the energy to separate hydrogen from water, and plans to capitalize on domestic resources, existing energy supply routes, and proximity to potential consumers in Europe and Asia. Russia plans to create at least three hydrogen production clusters: In the northwest for European exports, the east for Asian supplies, and the Arctic for domestic use of hydrogen and potential exports.

## **High LNG prices come with downsides for Australian producers**

(Australian Financial Review; Sept. 16) - Lofty natural gas prices are hitting the U.K. and other European nations hard but are providing a boost to Australia's LNG producers, which look set to gain from unexpectedly buoyant prices the next six months. Spot LNG cargoes in Asia are trading at near-record levels for this time of year at almost \$20 per million Btu, before the typically peak-demand northern winter kicks into gear.

That compares with record-low prices of less than \$2 in mid-2020, when the market was hammered by the impacts of the COVID-19 pandemic. JPMorgan energy analyst Mark Busutil said there was "no sign of any near-term headwinds" for Asian LNG spot prices, which surged 19% in August from the previous month. "Tight supply [is] expected to sustain high LNG prices during the Northern Hemisphere winter," Busutil said. "Natural gas futures across the U.S. and Europe are reaching new highs, with expectations of a tightening market as the Northern Hemisphere cold season begins."

However, the sky-high prices have some downsides for Australian producers, both in providing more opportunity for U.S. LNG exports to compete in the Asian market and running the risk of derailing LNG import plans by emerging price-sensitive markets in Asia, such as Vietnam. Low prices for LNG in 2020 had largely left U.S. LNG "mostly out of the money" for selling to Asia or Europe, RBN Energy's Lindsay Schneider said.