Oil and Gas News Briefs
Compiled by Larry Persily
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**Norway expected to take in record oil and gas revenues**

(CNBC; Jan. 26) - Norway’s oil and gas wealth is expected to climb to new heights this year, boosted by increased production and higher fossil fuel prices in the wake of Russia’s year-long onslaught in Ukraine. The ballooning petroleum profits of the Scandinavian country has put Oslo in a unique position: As many in Europe are struggling to cope with the region’s worst energy crisis in decades, Norway — already extremely rich — is getting richer still.

It has ignited an impassioned debate about international justice, with many questioning whether it is fair for Norway to rake in record oil and gas revenues at the expense of others’ misfortune. Opposition lawmakers, prominent economists in the country and even titans of Norway’s energy industry have called on the government to set an example to the world by pumping its fossil fuel revenues into a new international solidarity fund that helps countries meet their climate goals.

Norway’s Finance Ministry expects state revenues from oil and gas sales to climb to 1.38 trillion Norwegian krone ($131 billion) this year, up from a previous record of 1.17 trillion krone last year and a nearly fivefold increase from 2021. “They are war profits,” Lars-Henrik Paarup Michelsen, director of the Norwegian Climate Foundation think tank, told CNBC. “Most European countries are getting poorer because of the war. Norway is getting richer — much richer.” Michelsen said he was fearful that by choosing to pocket its oil and gas profits, Norway is damaging its international reputation.

**Norway plans record offering in Arctic for oil and gas exploration**

(High North News; Jan. 26) - Norway plans to offer a record 92 blocks for oil and gas exploration in the Arctic during the 2023 concession round as the government says new discoveries in the north will be key for the country and Europe. Norway’s Ministry of Petroleum and Energy announced its intention to offer a record level of oil and gas exploration areas in the Arctic. “Facilitating new discoveries in the north is important for Europe, the country and the region,” explained Oil and Energy Minister Terje Aasland.

In light of Russia’s war against Ukraine and the subsequent reduction of oil and gas imports to Europe, Norway’s role as a key energy supplier for Europe has become further elevated. The country is now Europe’s largest energy provider and supplied more than 40% of Germany’s natural gas needs at the end of 2022. The 92 blocks consist of 78 areas in the Barents Sea and 14 areas in the Norwegian Sea.
Climate researchers highlight the contradictory nature of Norway’s climate and energy policy, which emphasizes the need to reduce harmful emissions from carbon dioxide, but on the other hand the country’s oil and gas exploration continues unabated. “This proposal shows that despite increasing controversy around the future of Norwegian oil extraction, the current government seems committed to prolong the life of the industry,” said Bård Lahn, senior researcher at the Center for International Climate Research.

**Chevron has boosted Venezuela oil output since U.S. sanctions eased**

(Argus Media; Jan. 27) - Chevron said its crude output in Venezuela has risen by about 40,000 barrels per day to reach 90,000 since U.S. sanctions were eased against the country late last year, with more growth expected this year. The company was cleared by the U.S. government in late November to resume some work in its joint ventures with Venezuela state-owned PdV and to start shipping crude. Chevron was producing about 50,000 barrels per day at the time.

Chevron officials in Caracas told Argus previously that its production could go as high as 200,000 barrels per day in the next year, but the country's oil infrastructure is in deep disrepair following years of sanctions and neglect. Chevron has resumed crude exports from Venezuela, with some cargoes headed to its refinery in Pascagoula, Mississippi. "We're going to be delivering cargoes to other customers on the Gulf Coast," CEO Mike Wirth said in an earnings call on Jan. 27.

**BP reduces its forecast for global oil and demand**

(Financial Times; London; Jan. 30) - BP has trimmed its outlook for global oil and gas demand in its latest annual forecast, arguing that the upheaval unleashed by Russia’s war on Ukraine will push countries to pursue greater energy security in the next decade by investing in renewables. As a result, carbon emissions could peak earlier in the 2020s than it had previously suggested, BP said in its annual energy outlook Jan. 30.

But even with increased political support for the shift away from fossil fuel, governments and industry are still far behind in the race to achieve net-zero emissions by 2050, the analysis showed. The outlook describes three scenarios for the energy sector through to 2050. Under its New Momentum scenario, which reflects the current trajectory of the world’s energy system, oil demand would be about 93 million barrels a day in 2035, 5% lower than BP forecast last year, and natural gas demand would be 6% weaker.

The lower forecasts reflect an increased role for domestic renewable energy as countries reduce dependence on imported hydrocarbons, but also expectations of weaker economic growth in the next decade because of the lasting impact of the energy crisis. “The experience from the major energy supply shocks of the 1970s suggests that
events that heightened energy security concerns can have significant and persistent impacts on energy markets," Spencer Dale, BP’s chief economist, said in the report.

Under the Net-Zero scenario, the study’s most ambitious outlook for reduced emissions, oil demand would drop to 70 million barrels per day in 2035, falling to 20 million by 2050. However, BP argues that natural declines in existing oil fields mean investment in oil and gas will still be required for the next 30 years, even under the Net-Zero outlook.

**Columbia’s new president opposes more oil and gas investment**

(Wall Street Journal; Jan. 28) - With global demand for oil surging and many countries trying to increase production, Colombia is rolling back its petroleum industry. The country’s new president, Gustavo Petro, says oil is poisoning the Earth and warns that climate change could lead to the extinction of the human race. His government has suspended fracking operations, and he says there is no need for new oil exploration.

“The only way to halt the climate crisis is through zero consumption of carbon and petroleum,” Petro, a former leftist guerrilla turned politician, said earlier this month at the World Economic Forum in Davos, Switzerland. He has said in about 15 years Colombia will transition from fossil fuels to renewable energy. Oil-industry analysts and economists, however, say Petro’s leftist government has failed to explain how it will wean Colombia off oil — which makes up about one-third of the nation’s export earnings — and provide the energy needed for this developing country to grow.

Colombia is Latin America’s third-largest oil producer, the U.S. Energy Information Administration says, pumping 749,000 barrels a day — but production has been falling since 2013. And although companies are searching for oil under 118 contracts signed by previous governments, the country could run out within a decade if it rejects new exploration deals, said Francisco Lloreda, president of the Colombian Oil Association, an industry group. That would be long before Colombia — where electric vehicles, solar parks and wind farms are few and far between—could switch to renewables.

“The world will need oil for decades, and we need oil income,” Lloreda said. “But for some reason, this government appears to want to shoot itself in the head.” However, the mines and energy minister said demand for oil will fall as nations switch to renewables, and major new investments in petroleum would saddle Colombia with stranded assets.

**U.S. refinery outages redirect Canadian crude to China**

(Bloomberg; Jan. 26) - Refinery outages in the U.S. are rippling through the global export markets for oil and forcing producers in Canada to find new buyers to take their crude. Canadian oil sands producers have been pumping at record levels to meet
demand after Western economies put sanctions on Russia. While Canada typically sends crude to refiners in the U.S., two plants there were forced to halt production after fires. The winner in the shake-up appears to be refiners in Asia, which are seeing shipments from Canada surge to the highest in more than a year.

At least 7 million barrels of heavy-sour crude produced in Canada's oil sands have been sold to Asian buyers for February loading, according to people familiar with the matter. That's the most since January 2022, Vortexa data shows. Daily production in Alberta's oil sands is surging, helping to send total output to a record 3.96 million barrels a day in November, government data shows. The two shuttered U.S. refineries together consume an average of 3 million barrels of Canadian oil per month.

The BP-Husky Toledo refinery in Ohio isn't expected to return to service before late in the second quarter, while Suncor Energy's Commerce City facility in Colorado is shut until later this quarter.

**Russia transferring more crude at sea to cut shipping costs**

(Bloomberg; Jan. 25) - Russia is transferring record amounts of its flagship Urals crude at sea as Moscow tries to overcome soaring freight costs following European sanctions. A total of 19 million barrels of the crude will likely get transferred at sea this month and last, according to tanker tracking data compiled by Bloomberg. The January tally alone is likely to set a record at 14 million barrels. Ship-to-ship transfers are a routine practice, and those that are taking place are doing so in full view of satellite tracking systems.

Early last month, the European Union banned almost all crude imports from Russia and joined a Group of Seven program capping the price at which Moscow can sell its oil and imposed restrictions on the use of tankers to move oil at prices above the cap. With freight costs soaring as tankers become harder to find, the transfers at sea from smaller to larger tankers, which all but dried up before the ban and cap, represent a more efficient way of getting Russian crude to buyers.

Locations, such as Ceuta, a Spanish city on the north coast of Africa, and Greece’s southern city Kalamata, are once again becoming hotspots. The transfers should also keep ice-strengthened tankers from straying too far from Russia's Baltic Sea. Such vessels are needed in wintry conditions and the farther they sail, the longer it takes for them to get back. Most Russian Urals crude has been getting transported thousands of miles to Asia on relatively small tankers due to the sanctions. That stretched the fleet, pushing up freight rates for smaller ships that aren't well suited to long-distance trading.

**India’s refiners open to buying more Russian crude at low prices**
(Bloomberg; Jan. 26) - India’s oil refineries are open to buying even more Russian crude if the price is right, said refinery executives, potentially providing a bigger outlet for Moscow almost a year after its invasion of Ukraine. The South Asian nation increased Russian oil imports in 2022, ending the year with record monthly volumes as discounted barrels enticed buying. Executives said more cheap crude may be available to India from early next month, when a European Union ban on seaborne Russian refined fuel shipments possibly weighs on refinery output in the key OPEC+ producer.

India and China have become a crucial destination for Russian crude after many others shunned shipments due to the war in Ukraine. Indian refiners are able to turn cheap Russian crude into fuels such as diesel and then sell to regions including Europe, boosting profit margins for processors. The impending EU sanctions are expected to ratchet up demand for fuels from Asia.

“It's bit of a circular trade going on as India takes Russian crude that Western buyers don’t want and refining it into products for resale to the West,” said Mukesh Sahdev, the head of downstream oil trading at Rystad Energy. The refinery executives said Indian processors will maintain their long-term supplies from producers such as Saudi Arabia, with any increase in Russian purchases done on a spot and opportunistic basis.

**French bank intends to cut oil and gas funding 80% by 2030**

(Offshore Technology; Jan. 26) - French bank BNP Paribas announced on Jan. 24 that it intends to cut its oil extraction and production funding 80% by 2030. According to the bank’s statement, it discontinued financing new oil projects in 2016 as part of its efforts to decrease carbon emissions and fulfil climate targets. It said it would increase the rate at which it minimizes its existing funding for oil extraction and production. By 2030, BNP Paribas hopes to get its oil extraction and production funding down to less than $1.08 billion from $5.77 billion as of late September 2022.

At the end of September, BNP Paribas’ outstanding loans for low-carbon energy production totaled more than $30.5 billion, about 20% greater than those for fossil fuel development. Jean Laurent Bonnafé, CEO of BNP Paribas, said, “In 2015, when the Paris agreement was signed, financing for the production of low-carbon energy only accounted for a limited part of BNP Paribas’ loan portfolio dedicated to energy production. By 2030, it will represent nearly four-fifths of this loan portfolio.”

The statement from BNP Paribas said the bank would also reduce outstanding funding for natural gas extraction and production by more than 30% by 2030. The bank’s announcement comes after three activist organizations threatened to sue the bank for breaching agreements to stop funding new oil and gas projects. They gave the bank until Jan. 26 to answer, news agency France24 reported.
**Imperial Oil will build renewable diesel plant near Edmonton**

(CBC Canada; Jan. 26) - Imperial Oil is going ahead with a C$720 million project to build a renewable diesel facility at its Strathcona refinery near Edmonton, Alberta. The project, first announced in August 2021, is expected to produce 20,000 barrels per day of renewable diesel once it is complete. That will make it the largest facility of its kind in Canada upon its expected completion in 2025, and one of the largest renewable diesel complexes in North America.

Renewable diesel is the term given to a biomass-based fuel that is chemically equivalent to petroleum diesel. This means it can be transported directly in petroleum pipelines or sold at retail stations without any infrastructure modifications or fuel blending. Renewable diesel can be made from vegetable oil, animal fats, used cooking oil or even algae. In Imperial's case, the Strathcona refinery facility will use locally sourced vegetable oils — such as canola, soybean and sunflower.

Imperial will also be partnering with Pennsylvania-based Air Products — which is building a hydrogen facility near Edmonton — to supply hydrogen via pipeline to the Strathcona refinery. The low-carbon hydrogen will also be used in the production of the renewable diesel. A significant portion of the production from the Strathcona renewable diesel facility will be sent to British Columbia to support the province's plan to lower carbon emissions. The company also plans to use renewable diesel in its own operations as part of its emission reduction plans.

**Buyers continue signing new contracts for U.S. LNG**

(U.S. Energy Information Administration; Jan. 26) - In 2022, U.S. liquefied natural gas export project developers entered into contracts with buyers from Asia and Europe for about 6 billion cubic feet per day of gas as LNG, according to data from the Department of Energy and from company websites. The newly contracted LNG volumes will be exported from eight prospective projects — two under construction, four that have received regulatory approval and two that are proposed.

Corpus Christi Stage 3 in Texas and Plaquemines in Louisiana are under construction. Delfin, Lake Charles LNG and Port Arthur Phase 1, all in Louisiana, have their regulatory approval but still need a final investment decision by their developers, as does Rio Grande LNG in Texas. Still in the proposal stage, but going after customers, are CP2 and Commonwealth LNG, both in Louisiana.

Almost three-quarters (74%) of the agreements signed with prospective projects last year are for 20-year terms that begin when the project starts commercial operations; the earliest start date would be 2024. Destination flexibility is a common feature of most of the agreements, where the buyer can deliver the LNG to any destination as long as it complies with Department of Energy export authorizations and U.S. law.
U.S. natural gas futures fall below $3; lowest since April 2021

(Bloomberg; Jan. 25) – U.S. natural gas futures extended losses below $3 amid mild winter weather that helped spark a steep selloff. Gas for February delivery lost as much as 8.7% to $2.80 per million Btu on Jan. 26 on the New York Mercantile Exchange. Prices are at the lowest levels since April 2021. Doomsday fears that suppliers wouldn’t be able to meet wintertime demand have been erased by a confluence of factors, leading prices to plunge more than 70% after hitting a 14-year high of $10.03 in August.

The key reason for the fall: The U.S. and Europe managed to refill their buffer inventories ahead of winter, and relatively balmy seasonal temperatures in the Northern Hemisphere have so far damped demand for heating. Recent revisions to the weather forecast were “absolutely brutal,” indicating that a looming cold shot in the U.S. won’t last long and leading traders to bet on mostly mild February temperatures, said Gary Cunningham, director of market research at risk management firm Tradition Energy.

Also weighing on prices, the longer-than-expected shutdown at a big Texas liquefaction terminal has constrained U.S. gas exports and thus boosted domestic supplies. The Freeport LNG terminal has been closed since a fire in June. It may reopen next month.

Libya looks to sign more deals for oil and gas investments

(Bloomberg; Jan. 27) - Libya’s state energy firm said it expects to sign more deals with foreign companies after Italy’s Eni agreed to invest $8 billion to boost natural gas production in the North African country. “The energy sector has not witnessed an investment of this magnitude for more than a quarter of a century,” Farhat Bengdara, chairman of Libya’s National Oil Corp., said. It’s “a clear message to the international business community that the Libyan state has passed the stage of political risks.”

The company is negotiating investments in reservoirs and in energy infrastructure such as oil pipelines with other international firms, he said. Eni and the NOC are set to sign an agreement on Jan. 28 in Tripoli that will lead to the development of two gas fields off Libya’s western coast. Libya’s abundance of oil and gas reserves — among the largest in Africa — and its proximity to Europe could make it a key energy supplier to the continent. Yet its exports have been held back by political chaos for most of the period since the downfall of dictator Moammar Qaddafi in 2011.

The two fields Eni will invest in will take about 3½ years to develop, Bengdara said. They have estimated reserves of 6 trillion cubic feet and should be able to pump at a rate of 850 million cubic feet a day for 25 years, he said. Eni will take 38% of the gas sales until $8 billion is recovered, which is expected within 15 years. After that, Eni will take 30% until the end of the agreement — approximately 25 years — after which ownership will fully return to Libya.
Germany hopes for green hydrogen from Australia by 2030

(Associated Press; Jan. 27) - A senior German official said Jan. 27 that she hopes her country will receive hydrogen made with renewable energy from Australia by 2030. The two countries have stepped up plans for cooperation on clean energy as Germany tries to find replacements for Russian gas supplies while pursuing an ambitious policy of reducing its emissions to net zero by 2045. So-called green hydrogen is seen as a key fuel to power industrial processes that require high temperatures, such as steel-making.

Germany's Science Minister Bettina Stark-Watzinger said Australia has strong potential to produce hydrogen with the help of abundant solar and wind power. When renewable energy is used to separate hydrogen from water, the product is labeled green hydrogen. “My goal is for the first delivery to really reach Germany by 2030 at the latest,” she said after a meeting in Berlin with Australian Climate and Energy Minister Chris Bowen.

Indonesia's coal exports climb to new record

(Reuters columnist; Jan. 26) - The world’s top thermal coal exporter shocked global markets a year ago by temporarily banning coal exports to protect domestic power producers, sending coal prices soaring and kicking off a historically volatile year for coal and other power fuels. But since then, Indonesia has made a different mark on the global coal arena by setting a new record pace for shipments that if sustained puts it on course to be the first country to surpass half-a-billion tonnes of coal exports in a year.

With global power markets still disrupted by the fallout from Russia's invasion of Ukraine, demand for all power generation fuels is on track to reach record heights in 2023. That means that despite efforts to transition global energy systems away from fossil fuels, Indonesia coal sales may hit a new milestone this year, with commensurate repercussions for emissions of carbon dioxide and other gases that are already at record concentrations in the Earth's atmosphere.

High prices quickly lured Indonesia coal flows back onto global markets. For 2022 as a whole, total Indonesia thermal coal exports hit 448.5 million tonnes, a record sum that was 56 million tonnes (14.4%) larger than 2021’s total, ship tracking data from Kpler shows. That haul came despite limited exports in January and February last year as the government's partial ban on shipments jammed coal flows from Indonesia and sowed widespread confusion in international coal markets.

The Philippines approves seventh LNG import terminal

(Reuters; Jan. 27) - The Philippines' Department of Energy said on Jan. 27 it has approved a $67 million LNG import terminal project, the country's seventh such facility,
as it gears up for the launch of its liquefied natural gas industry this year. The department said in a statement that it has issued a notice to proceed to Samat LNG Corp., which plans to construct a small-scale LNG terminal in the Mariveles municipality in Bataan province, about 35 miles north of the capital Manila.

The Southeast Asian country will need to rely on LNG imports to fuel gas-fired power plants with a combined capacity of more than 3,000 megawatts, as output from its Malampaya gas field in the South China Sea is expected to continue declining and be depleted by 2027. Aside from importing LNG for power generation and transport sectors, the Philippines is also ramping up efforts to discover new domestic gas resources as it seeks to phase out coal-fired power plants.

Under its proposal, Samat LNG aims to begin commercial operation by the first half of 2024, with a capacity of 200,000 to 400,000 tonnes of LNG annually. It plans to supply gas to fuel small-scale power producers, manufacturing companies and transport fleets. Three of the government-approved LNG import terminal projects are expected to begin commercial operations this year, including those of Singapore-based Atlantic, Gulf and Pacific and Philippine power producer First Gen Corp.