Oil and Gas News Briefs
Compiled by Larry Persily
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Barclay's will stop direct financing of new oil and gas fields

(Reuters; Feb. 9) - Barclays, Britain's biggest lender to the oil and gas industry, told Reuters it will stop direct financing of new oil and gas fields and restrict lending more broadly to energy companies expanding fossil fuel production. The move, part of its Transition Finance Framework, published on Feb. 9, follows intense pressure from campaigners over its energy policy amid an increase in climate-damaging emissions from the burning of fossil fuels.

In addition, starting in 2025, the bank will curb broader financing to non-diversified companies such as pure-play exploration companies if more than 10% of their expenditure goes toward expanding production over the longer term. Barclays group head of sustainability Laura Barlow said the new policy was part of its commitment to reduce emissions linked to the bank's lending and bolster finance to greener alternatives. "It's about strengthening our focus on the energy transition," Barlow said.

Barlow said existing upstream energy clients that breach the 10% threshold would go through an enhanced oversight process that also looked at the client's investment in decarbonization. "It wouldn't be a red line but ... would inform our risk appetite," Barlow said. Barclays joins banks such as HSBC and BNP Paribas that are tightening oil and gas lending while pledging to increase funding to areas such as renewable energy that can help cap global warming, targeting $1 trillion in such lending by 2030.

Dutch pension fund divests of European oil and gas holdings

(Reuters; Feb. 8) - A Dutch pension fund leading climate talks with Shell has divested its holdings in Europe's top oil and gas companies, saying they are not moving fast enough to reduce emissions. PFZW, which managed about 238 billion euros ($256 billion) at the end of 2023, said it had sold its holdings in 310 oil and gas companies — worth around 2.8 billion euros — after a two-year engagement program.

The companies include Shell, BP, and TotalEnergies, which have set out plans to become net-zero carbon emitters by 2050 as well as various short- and medium-term decarbonization targets. "During this period, dialogue with oil and gas companies was significantly intensified to encourage them to produce verifiable transition plans that support the goal of the Paris Climate Agreement," PFZW said.

"Most of our fossil fuel investments have now been sold off, as these companies have made insufficient steps in the transition to a cleaner energy mix." PFZW, through its asset management division PGGM, will also step down as one of two pension funds leading climate negotiations with Shell since 2022 on behalf of the Climate Action 100+ investor group comprising $68 trillion in assets, a spokesperson said. Last year The Church of England Pensions Board, which had also led climate talks with Shell, divested its holdings in the oil company over its climate stance.

Big-money donors factor in decision to pause new U.S. LNG exports

(Wall Street Journal; Feb. 8) - Charities controlled by members of the Rockefeller family and billionaire donors were key funders of a successful campaign to pressure President Joe Biden to pause new approvals of liquefied natural gas exports from the U.S. The Rockefellers, along with other wealthy donors including the philanthropy of Michael Bloomberg, have provided millions of dollars in recent years to front-line environmental groups that are campaigning against fossil fuel projects, including LNG terminals that have been proposed on the Gulf Coast, according to people familiar with the effort.

Some green funders hadn’t given much attention to the LNG exports until recently, in part because of ambivalence about the role gas should play in the energy transition. Plus, some previous campaigns to kill LNG terminals had been unsuccessful, damping some donors’ and large environmental organizations’ appetite for taking on the industry. The billionaire-backed campaign, starting around four years ago, worked to identify and fund community leaders already campaigning against fossil fuel projects.

The activists buttonholed White House and federal officials in Washington, Houston and Dubai as part of a high-intensity grassroots campaign. “They got our attention,” a senior administration official said of the activists’ efforts, describing the campaign as intense. Administration officials said they were influenced by the environmental groups’ push. But it wasn’t the only factor in Biden’s decision to pause LNG approvals, which they said came amid new research on the emissions from LNG facilities, as well as an interest in better understanding how LNG exports affect the U.S. economy and national security.

Official says new review of U.S. LNG exports will take months

(Oil & Gas Journal; Feb. 8) - The U.S. Department of Energy’s evaluation of the impact of additional liquefied natural gas exports on the climate and economy should take “months, not years,” Deputy Secretary David Turk told a Senate panel Feb. 8, countering Republican suggestions that the Biden administration’s LNG authorization pause was a full ban of future exports.

“Put simply, this temporary pause to update our analyses will not impact our ability to supply our allies with LNG,” Turk told the Senate Energy and Natural Resource Committee hearing. “This pause on additional approvals does not interfere with current exports nor other projects already authorized or under construction.” He noted that U.S. LNG exports are already expected to double by the end of this decade.

James Watson, secretary general of Eurogas, an association representing 101 companies across the European gas sector, said the organization fears that the pause could preserve Russia’s grip on Europe’s gas supplies. “There are few alternative suppliers of LNG that could contribute as much as the U.S. to this objective to be independent from Russian gas,” Watson said, adding that this would “cause a loss of confidence in the U.S. as a strategic partner for energy security in Europe.”

Energy economists say world doesn’t need more U.S. LNG

(Institute for Energy Economics and Financial Analysis; Feb. 8) - The Biden administration’s decision to temporarily pause permitting for new liquefied natural gas export terminals has caused an uproar among industry groups and energy companies. In congressional hearings on the issue this week, opponents of the move repeatedly declared it would hurt U.S. allies in Europe and Asia that “desperately” need U.S. LNG.

However, these claims ignore basic trends in global gas markets. In Europe, the role for gas is shrinking rapidly as the continent accelerates its transition to clean energy. LNG demand is falling in Japan and South Korea, which have historically been the U.S.’s largest customers. In emerging Asian markets, the U.S. will struggle to compete with cheaper LNG suppliers. European Union gas demand could fall 16% by 2030. IEEFA expects the continent’s LNG demand to peak in 2025 — far earlier than U.S. export projects affected by the pause would enter the market.

A closer look at key Asian LNG markets reveals a similarly bleak outlook for proposed U.S. projects. Japan has historically been the world’s largest LNG buyer, but imports peaked in 2014 and dropped 8% in 2023. As generation from nuclear and renewables increases, IEEFA expects that Japan’s LNG demand could fall nearly a third by 2030. The largest buyers from new U.S. LNG facilities are not Europe and Asia, but rather they are large oil and gas traders speculating on their ability to resell LNG at a profit.

Germany’s use of gas for power generation on the rise, coal in decline

(Reuters; Feb. 8) - German gas-fired electricity generation jumped to its highest levels in two years in January as power firms dialed up output to compensate for the closure of the country's nuclear reactors and meet higher heating demand during a cold snap last month. The electricity generated from gas-fired power stations was the highest since

January 2022, according to think tank Ember, which was just before Russia's invasion of Ukraine led to cutting pipeline gas to Europe's largest gas consumer and economy.

Gas-powered generation was 13% above January 2023 levels. Higher gas generation also lifted natural gas' share of Germany's electricity generation mix to 18.6%, the highest since early 2021, which indicates that German power firms remain reliant on fossil fuels for electricity production despite ongoing energy transition efforts. While German power producers lifted generation from gas power plants in January, use of coal-fired generation remains below previous levels.

Coal-fired electricity production in January was down 29% from January 2023 and around 22% below the average coal generation levels of 2022. Coal's share of Germany's electricity mix in January was 23%, below the 28.6% share of January 2023 but well above the share of gas. The shuttering of Germany's last remaining nuclear power reactors last April is putting strain on Germany power firms to deploy more fossil fuels. In 2021, nuclear accounted for an average of 12% of annual electricity output in Germany. The entire nuclear fleet was shut off last year.

U.S. natural gas futures fall below $2; lowest since September 2020

(Reuters; Feb. 8) - U.S. natural gas prices plunged to a three-year low this week as production surged and mostly mild winter weather and recent liquefied natural gas export plant outages depressed demand, prompting analysts to project some producers will cut back on gas drilling. Any reduction, however, will likely be offset by increased associated gas production from oil wells as energy firms spend more to drill more oil wells with crude prices up about 7% so far this year.

Gas futures fell 5 cents, or 2.5%, to settle at $1.917 per million Btu on Feb. 7, their lowest close since September 2020 for a second day in a row. Analysts have said an expected increase in U.S. LNG exports was the primary reason gas companies kept producing record amounts of the fuel in 2023 despite a 44% drop in prices in the domestic market, and it is why they were on track to keep pulling record amounts of gas out of the ground in 2024 and 2025.

Another factor weighing on the gas market this year has been abundant supplies of fuel in storage after a mostly warm winter kept heating demand low. Over the past year, U.S. drillers cut the number of gas rigs operating by 41, or 26%, leaving just 119 rigs operating at the end of January, according to energy service firm Baker Hughes.

Domestic gas prices part of debate over U.S. LNG exports

(Wall Street Journal; Feb. 11) - Americans' utility bills are getting wrapped up in the fight over President Joe Biden's pause on most new liquefied natural gas export approvals. While environmentalists are urging officials to scrutinize projects' impact on the climate, producers warn the pause could hurt the U.S. ability to supply allies in the future. Now, Americans' electricity and heating costs are becoming a growing part of the tug of war.

As the Energy Department weighs new criteria for approving future LNG exports, some manufacturing groups and consumer advocates warn that America's increasing ties to global gas markets could make price instability at home more likely. Their fear is that additional export projects in the next decade could push up Americans' heat and power bills, as well as costs to make everything from drywall to steel.

The domestic impact of LNG exports has been hotly contested since the country began funneling more gas-laden tankers to foreign buyers in 2016, though record domestic gas production has largely kept U.S. prices low. Thanks to warm weather and roaring production in Texas and Appalachia, benchmark U.S. gas prices this week fell to their lowest levels since the depths of the pandemic, closing Feb. 9 at $1.847 per million Btu.

But traders are betting on a rally sparked by export projects now under construction, which will send more gas to businesses across Europe and growing economies in Asia. On Feb. 9, some gas futures contracts for delivery in 2027 and 2028 traded at over $4.50. To limit price risk, Texican Natural Gas's Carolinas division is advising customers such as glassmakers and cement producers to lock in supplies further toward 2030.

Geopolitics complicate U.S. decision on future LNG exports

(Houston Chronicle; Feb. 11) - The first cargo of U.S. liquefied natural gas left Cheniere Energy's Sabine Pass terminal in Louisiana almost eight years ago, starting a new age of American energy exports to allies around the globe and generating tens of billions of dollars a year for the U.S. economy. But with climate change gaining attention in global leaders' minds, the greenhouse gas emissions produced by LNG, while in some ways markedly less than coal, are driving a tense assessment within the Biden administration about whether building more LNG terminals is in the world's best interests.

At the center of that debate are American allies now dependent on U.S. LNG, for whom a reduction in American supply could have far-reaching implications beyond climate change, affecting the economic relationships around which so much diplomacy is built. "The climate concerns are real, and they deserve a serious, hard look, but there's other geopolitical and market considerations we need to take into account," said Ben Cahill, a fellow at the Center for Strategic and International Studies, a Washington think tank.

Research company Wood Mackenzie projects LNG exports from the U.S. and Mexico to reach a capacity of 238 million tonnes per year by 2050, accounting for 30% of global supply. In a note to clients last week, the company warned that while a short-term pause

on U.S. LNG permitting was unlikely to have the same effect as a sustained interruption, it could “have lasting implications on the global LNG market and could affect how buyers perceive U.S. LNG. … Potential new buyers could start to look at competing projects outside of the U.S., such as those in Canada, Australia and particularly Qatar.”

Deal reached to keep New England LNG import terminal open

(Wall Street Journal; Feb. 9) - National Grid, one of the Northeast's largest utilities, on Feb. 9 asked Massachusetts state regulators to approve an agreement it struck to keep Constellation Energy’s liquefied natural gas import terminal near Boston up and running. The six-year deal is meant to forestall the closure of Constellation's Everett Marine Terminal and ensure there is enough gas available to get through winters in a region with limited pipeline capacity to bring in abundant U.S. supplies.

Constellation plans to retire its nearby gas-fired power plant in May, eliminating the biggest customer for the LNG import facility, which has been operating for more than 50 years. Constellation had said it would likely close the terminal unless other gas buyers signed up to cover its operating overhead. National Grid stepped in. "The agreement is the most viable alternative available for meeting peak demand between now and 2030, while avoiding the need to build new gas infrastructure," National Grid said.

National Grid said the deal, if approved by regulators, would add an annual average increase of 1% to the typical residential customer's bill for the first year of the contract. That works out to be about $3.30 more on a monthly winter bill, the utility said. National Grid and other New England utilities have told regulators that they rely on gas from the import terminal during particularly cold stretches, when heating demand is highest and running out of fuel can be deadly.

Two more U.S. oil producers decide to merge forces

(The New York Times; Feb. 12) - Two large Texas oil producers are joining forces in a deal valued at $26 billion, the latest in a wave of consolidation in the U.S. energy industry. Diamondback Energy and Endeavor Energy Resources, both major players in the booming Permian Basin oil field that straddles New Mexico and Texas, announced on Feb. 12 that they would merge in a cash-and-stock deal, with Diamondback’s shareholders owning about 60% of the combined company.

The Permian Basin was once seen as a worn-out patch. But over the past decade or so, technological advances, including the advent of fracking, or hydraulically fractured horizontal wells, have opened its oil- and gas-rich shale fields to development. The basin has been transformed into the most productive oil and gas field in the U.S. Diamondback Energy was founded in 2007; Endeavor’s roots date to 1979.

Deal fever has been sweeping the industry, as companies race to consolidate despite predictions that peak oil is only years away as the world turns away from fossil fuels. Over the years, the shale drilling industry has become an industrial process, with the strongest companies acquiring more acreage to give themselves better options and lower costs. The combined company would be a big player, producing 816,000 barrels of oil and gas a day. According to a news release, it would be able to break even financially with oil at under $40 a barrel, well below the current U.S. price of about $76.

Oil production growth in Permian could slow down this year

(Reuters; Feb. 7) - Oil production in the prodigious Permian shale basin in Texas and New Mexico this year will see the slowest annual growth since 2021, according to market participants, as a slew of acquisitions reduces activity among private drillers. Reduced growth in the Permian, the largest U.S. oil field, will be a drag on overall gains in U.S. production. The slowdown comes even as output cuts from OPEC+ nations have supported prices, giving an incentive for non-OPEC+ producers to pump more.

U.S. oil output reached a record 12.93 million barrels per day in 2023. The U.S. Energy Administration this month cut its growth forecast for 2024 by 120,000 barrels per day to 170,000, sharply down from growth of over 1 million in 2023. The Permian is expected to produce a record high 5.974 million barrels per day in February, though that will be the smallest month-over-month growth since July, EIA data showed.

Oil production in the U.S. has been coming in above many analysts' and government expectations for the past several years. But slower growth in the Permian could come as a frenzy of deals in the region has led to tens of billions of dollars changing hands between operators that gobbled up some of the private producers that were most keen to bump output. Publicly traded producers in recent years shifted their focus to dividends and share buybacks instead of aggressive growth after investors fled the energy sector due to years of low returns.

New Mexico state House votes to raise royalty rates on new leases

(The Santa Fe New Mexican; Feb. 10) - Fossil fuel producers seeking leases in the Permian Basin and elsewhere in New Mexico may have to give more of their profits to the state. The House passed a bill to raise maximum fossil fuel royalty rates on state land in a 39-28 vote after three hours of debate on Feb. 10 over intense opposition from the Republicans, many of whom represent oil- and gas-producing areas.

If the bill gains Senate approval before the legislative session ends Feb. 15 and Gov. Michelle Lujan Grisham signs it into law, it will raise maximum royalty rates — the

amount oil and gas companies pay on the value of oil or gas they remove — on future leases for the first time since the 1970s. Under existing law, the State Land Office can set royalties between 18.75% and 20%. House Bill 48 would increase the max to 25%.

The bill would not affect royalty rates on 99.2% of state trust lands in the Permian, which have already been leased, but would "only really affect" new premium tracts in the Permian, said bill sponsor Rep. Matthew McQueen. Royalty revenues go to the state Land Grant Permanent Fund, which primarily funds schools. The legislation could increase distributions to the fund by an estimated $1.5 billion to $2.5 billion through 2050, according to a fiscal analysis of the bill. Republicans criticized the proposed change as an attack on an industry that has brought New Mexico record revenues.

Light crude doesn't work well to refill U.S. strategic reserves

(Bloomberg; Feb. 8) - The formidable task of refilling the world's largest government oil stockpile is like mixing oil and vinegar. Only in this case, the vinegar is actually just more oil — a super-thin crude from South Texas. While the U.S. is under pressure to quickly inject American oil back into its depleted emergency reserves, the Energy Department is shunning some of the so-called light crude for which the nation is known. That's because very thin oil, such as that produced in Texas's Eagle Ford basin, doesn't blend well with the denser, mostly imported varieties currently sitting in the stockpile.

The matter of too-light oil is just the latest hurdle in the U.S. push to restock government supplies after releasing an historic 180 million barrels in the wake of Russia's invasion of Ukraine. Higher crude prices and operational limitations have so far bedeviled the effort, with the U.S. even canceling some purchase programs. And although the refill plan is intended to support American crude, some suppliers are finding that their offerings don't measure up.

In September, the Energy Department canceled a $108 million contract with Macquarie Group because its trading arm's offer of more than 1 million barrels included an Eagle Ford grade. The cancellation was by mutual agreement. Eagle Ford oil comprises 12% of U.S. production, and the grade in question — Eagle Ford 56 — is lighter than water. That means it "would present an incompatibility" with existing stocks, the agency said in internal emails. The agency had initially accepted the bid, but later changed course.

TotalEnergies looks to restart Mozambique LNG work this year

(LNG Prime; Feb. 8) - French energy giant TotalEnergies hopes to resume construction on its giant Mozambique LNG project by the middle of the year, according to Patrick Pouyanne, CEO of TotalEnergies. TotalEnergies declared force majeure on the project in April 2021 and withdrew all personnel from the site due to new attacks by insurgents.

Mozambique LNG includes development of offshore gas fields and an onshore liquefaction plant and marine export terminal with a capacity of almost 13 million tonnes of LNG per year. Besides TotalEnergies, other partners are Mitsui, Mozambique's ENH, Thailand's PTT, and Indian firms ONGC, Bharat Petroleum, and Oil India.

Last year, Pouyanne said the company was "not in a hurry" to resume work, pointing out that security, human rights and maintaining costs are the main three elements for a decision to return to the site in the province of Cabo Delgado. The CEO said the last condition for the company and its partners to resume the project is that the "contractors stick to their contracts and not inflate the costs, otherwise we can wait longer."

Pouyanne said Feb. 7 in London during a presentation of the company's 2023 results and 2024 objectives that TotalEnergies is now "remobilizing the contractors … and I think we are not far from having everything set with them. He said TotalEnergies is relaunching detailed engineering, and remobilizing project financing. "We are reactivating with all these financial institutions around the world, this project financing and when all that will be done, we will start again the project."

First Russian Arctic LNG shipments delayed by U.S. sanctions

(High North News; Feb. 9) – U.S. sanctions continue to delay the initial shipment of gas from Russian producer Novatek's Arctic LNG-2 project. The lack of ice-capable carriers for liquefied natural gas has delayed the first cargo until at least March. Meanwhile, Novatek has begun looking for new buyers of its sanctioned gas in China. Despite beginning production at the Arctic plant more than six weeks ago, Novatek has thus far been unable to ship any product to customers. Initially the company and Russian officials suggested loading of the first cargo would occur in January or February.

However, a lack of required ice-capable gas carriers has further pushed back the first delivery into March. The company's new project faces a host of challenges arising from U.S. sanctions announced in November 2023. The blocking measures affect the sale, transport and transshipment of LNG from the project. The project's international partners, including France's TotalEnergies, China's state-owned oil major CNOOC and China National Petroleum Corp., and Japan's consortium JOGMEC have de facto exited the project — leaving Novatek to find new buyers for the LNG.

TotalEnergies CEO confirmed this week that his company will not be receiving any gas from the project, adding that bringing more Russian fuel to Europe is "politically difficult." Novatek has been looking for new buyers, and the company has established a sales office in China. Even if Novatek can find buyers, it is unclear how it will be able to move the LNG, at least in the short-term. Travel through ice-covered waters requires a fleet of specialized ice-class tankers. While several have completed sea trials and others are nearing completion at shipyards in South Korea and Russia, none have entered service.

French partner says third unit on hold at Russian LNG project

(Reuters; Feb. 8) - The third and the last production train of the Arctic LNG-2 project in Russia has been put on hold but the second liquefaction train is likely to be installed, the head of stakeholder TotalEnergies said. The liquefied natural gas project in the Russian Arctic has faced challenges from U.S. sanctions imposed on the project last November over the conflict in Ukraine, and subsequent force majeures by shareholders.

At the end of 2023 Arctic LNG-2 started tentative production at its first train but has yet to deliver a cargo. “The third train for me is on hold, which I understand," TotalEnergies' CEO Patrick Pouyanne said Feb. 7 in London, adding that he believed the stakeholders were willing to proceed with installation of the second liquefaction train. Novatek, Russia's largest LNG producer, owns 60% of the $21 billion project with China's state oil majors CNOOC and China National Petroleum Corp. each at 10%. TotalEnergies and a consortium of Japan's Mitsui. and JOGMEC also have a 10% stake each.

With three processing trains, Arctic LNG-2's capacity is designed for 19.8 million tonnes per year and 1.6 million tons per year of stable gas condensate. Pouyanne said TotalEnergies was not taking part in the project's management due to Western sanctions. "Today, we are no longer in the governance (for the project)," Pouyanne said, explaining that he did not want to expose the company to any secondary sanctions.

Arctic LNG tanker ownership conveyed to UAE entity to use in Russia

(gCaptain; Feb. 9) - Russian natural gas producer Novatek has taken a key step toward beginning shipments from its Arctic LNG-2 project. Ship registry records suggest that ownership of an ice-capable LNG carrier was transferred to an entity out of the United Arab Emirates on Feb. 1. The vessel was constructed by South Korean yard Hanwha Ocean, formerly DSME. “The transfer of the first tanker to a UAE-domiciled entity indicates that a presumed March start to full commercial operations might be feasible,” said Viktor Katona, senior analyst at Kpler, a data and analytics firm for commodities.

The delivery of ice-capable LNG carriers needed to lift cargo from the liquefied natural gas facility has been hampered by U.S. economic sanctions. The LNG carrier Pyotr Kapitsa was originally part of a three-ship order by Russian Sovcomflot. The contract was terminated due to sanction-related payment issues in 2022, but Hanwha completed all three vessels and was reportedly looking for a buyer. Ownership of the other two vessels, Lev Landau and Zhores Alferov, currently remains with Hanwha records show.

“Novatek will certainly do everything in its power to exploit these tankers, which can only be used for Arctic LNG-2, as they are too expensive to operate in open waters,” said Herve Baudu, Arctic shipping expert at the French Maritime Academy. Baudu called the transfer of the Pyotr Kapitsa a “Russian magic trick,” adding, “Buying the ship indirectly

via a company in the UAE — the shipping world is like that. All that remains is to find a qualified crew.” Novatek has relied on UAE entities to circumvent sanctions in the past.

India says it is helping hold down prices by buying Russian crude

(CNBC; Feb. 8) - India helps keep global crude prices affordable by buying oil from Russia, India’s energy minister said. “The world is grateful to India for buying Russian oil. It’s not that they don’t want us to buy Russian oil,” India’s Minister of Petroleum and Natural Gas Hardeep Singh Puri said on the sidelines of the India Energy Week conference. Since Russia’s invasion of Ukraine in 2022, India’s refiners have been snapping up discounted Russian oil. Moscow has since become India’s leading source of crude, accounting for about 36% of the nation’s crude imports.

If India were not buying so much Russian crude, and instead were competing with other nations to buy Middle East oil, the market would demand much higher prices. India is expected to be the largest driver for growth in global oil demand from 2023 to 2030, the International Energy Agency said in a report Feb. 7.

Russian oil tanker makes U-turn as U.S. sanctions take effect

(Bloomberg; Feb. 9) - A Russian oil tanker performed a near-immediate U-turn off the coast of Portugal after being subjected to U.S. sanctions. The NS Leader, ultimately owned by the Russian Federation, was headed to the Baltic Sea port of Primorsk when the measures were imposed Feb. 8. The 817-foot tanker, which was due to load its next cargo in about 10 days, halved its speed, turned and changed its destination to “for orders,” vessel tracking and shipping information data compiled by Bloomberg show.

The U-turn underscores the fact that the measures, which have been ratcheting up since late last year, have an impact. Two months earlier, having also been sanctioned, the Viktor Bakaev performed the same maneuver in a similar location, abandoning its voyage toward another Russian oil export terminal. It’s now anchored in the Black Sea and hasn’t hauled another cargo since, the shipping data show. It looks like the NS Leader is following a similar course.

The U.S. Treasury sanctioned Liberia-registered NS Leader Shipping Inc., which is the registered owner of the NS Leader. It also sanctioned United Arab Emirates-based Zeenit Supply and other entities, asserting that the Russian Federation is the ultimate owner of the NS Leader.

U.S. company apparently insures tankers carrying Iranian oil

(Bloomberg; Feb. 8) - Last June, a rusting tanker named Sincere 02 picked up oil at an Iranian port and steamed across the Persian Gulf to the United Arab Emirates. U.S. sanctions forbid Western companies from knowingly doing business with Iran. But for the next seven months, long after an advocacy group publicized the ship's voyage, it continued to carry proof of insurance from a surprising place: New York City. That's the home of American Club, the smallest of the 12 companies that cover most of the world's oceangoing ships against spills and accidents, and the only one based in the U.S.

American Club provides insurance for 21 vessels suspected of having moved Iranian oil, more than any of its peers, according to a Bloomberg News analysis of a list provided by the group, United Against Nuclear Iran. That's 6% of the tankers American Club covers — even after the company recently culled its client list. Since December, when the insurer's name came up at a congressional hearing, American Club has dropped coverage for Sincere 02 and 18 other vessels accused of having carried Iranian oil. Many had been under suspicion for years but continued to ply the seas.

American Club says its compliance program is top-notch and that it would never knowingly insure a ship that violates sanctions. It says it's investigating allegations against two of the 21 that still have coverage and is in the process of dropping three others. As for the rest, it couldn't substantiate the accusations or found that the ship's current owners had no connection to past sanctioned activity. Oil tankers need to show proof of liability insurance against spills and accidents to enter major ports. That makes insurers crucial gatekeepers for the world's shipping industry.

Hedge fund pushes Santos to sell off its LNG assets

(Reuters; Feb. 8) - A hedge fund pushing Santos to split off its liquefied natural gas assets is resuming its campaign, as management and investors look for ways to revive a share price back in the doldrums after failed talks to merge with bigger rival Woodside. Melbourne-based L1 Capital in October went public with a proposal to Santos management to sell its LNG assets in Australia and Papua New Guinea to help improve the company's stock performance relative to energy peers.

Santos CEO Kevin Gallagher acknowledged the plan at an investor day the following month and said the company was assessing options to revive a "frustrating" share price. L1 plans to meet Santos management later this month to push for a detailed study of the "demerger" plan, James Hawkins, head of the L1 Capital Catalyst fund told Reuters in an interview on Feb. 8. "The jewels in the crown are the LNG assets," he said. "Today's share price tells you the market is not fairly valuing the current mix of Santos assets. Something structural needs to be done."

Other shareholders are wary about L1's core contention that the LNG assets are so undervalued today that a spin-off would attract a hefty premium. And a demerger of the cash-generating LNG assets would make it harder for Santos to fund its Pikka oil project in Alaska and Dorado oil and gas project in Australia, said Jason Beddow, managing director at Argo Investments, the ninth largest Santos shareholder.