Oil and Gas News Briefs
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There are reasons why Alaska LNG has not been built

(Bloomberg commentary; Oct. 1) - President Donald Trump's announcement on Sept. 30 that South Korea would invest $54 billion in a liquefied natural gas project in Alaska had a touch of the miraculous — as in, wondrous but tangential to reality. On Trump's reading, Alaska LNG, having been little more than a dream for decades, is now not only getting built, and with foreign money, but also secures its future just ahead of midterm elections by happy coincidence, and in a state with a tight, crucial Senate race, no less.

Sure enough, Alaska LNG's vaunted benefactors in Seoul have now disputed Trump's gilded characterization and the Commerce Department's own fact sheet said the two countries had merely agreed to start working on the project "subject to meeting commercial reasonableness" — five bland words that contain multitudes. Alaska LNG may be a proposed gas project, but as that Oval Office performance demonstrated, it is also very much a live political project. That is simultaneously its lifeline and curse.

The fact is the global LNG market is headed for a glut, with 345 million tonnes of new annual production capacity expected by 2030, equivalent to 80% of current demand. On Sept. 29, Shell and its partners greenlit plans to double capacity at its Canada LNG project on the coast of British Columbia to 28 million tonnes per year, which would compete directly with any future Alaska cargoes. Other suppliers from Mozambique to Papua New Guinea to Argentina also see an opportunity to take market share in Asia.

There are economic reasons why, despite the apparent potential and an almost fivefold expansion of the global LNG trade this century, Alaska LNG remains unbuilt. "I am still to meet one person in Japan who thinks this project makes sense from an economic perspective," says Anne-Sophie Corbeau, who leads research on natural gas and hydrogen at Columbia University's Center on Global Energy Policy.

Alaska LNG project twice as expensive as U.S. Gulf Coast terminals

(Reuters; Oct. 1) - President Donald Trump's push to steer $54 billion of South Korean investment into Alaska LNG is putting a fresh focus on a 20 million-tonne-a-year export project that would cost more than twice as much as a comparable U.S. Gulf Coast plant. Lead developer Glenfarne Group estimates Alaska LNG will cost $44.5 billion to $54.5 billion. That works out to roughly $2.2 billion to $2.7 billion per million tonnes of annual production capacity, by far the highest of any U.S. export project ever proposed.

The wave of U.S. LNG projects approved since Russia's invasion of Ukraine has generally been built at an average cost of about $1 billion or less per million tonnes. Cheniere Energy's Corpus Christi Stage 3 expansion in Texas was estimated to cost about $8 billion for 10.5 million tonnes of additional annual capacity, or roughly $760 million per million tonnes. Gulf Coast export terminals tap extensive networks supplying shale gas from Texas, Louisiana and Appalachia. Alaska LNG would instead require an 800-mile pipeline from the North Slope, estimated to cost $13.2 billion to $16.9 billion.

In addition to the pipeline, the project requires a large treatment plant on the North Slope to remove carbon dioxide before the methane can be fed into the pipeline. Glenfarne's latest estimates place the cost of the treatment facility at $7.7 billion to $9.2 billion and the liquefaction terminal itself at $23.6 billion to $28.4 billion. Alex Munton, director of global gas and LNG research at Rapidan Energy Group, said the project "may not be able to meet commercial thresholds for investment." (Glenfarne has countered that the shorter shipping distance to Asia makes Alaska LNG competitive.)

A day after Trump's claim that South Korea would invest in the Alaska project, Seoul contradicted the president and said it had not decided whether to fund the project and would first review its commercial viability. "The question is whether Asian buyers are willing to pay a premium in exchange for security of supply. So far, we have not seen evidence of that," said Jason Feer, head of business intelligence at Poten & Partners.

South Korea refutes Trump's claim that it will invest in Alaska LNG

(The Korea Times; Oct. 1) – South Korea on Oct. 1 stressed that it retains discretion in deciding whether to invest in the Alaska liquefied natural gas and nuclear reactor projects in the U.S., refuting the U.S. side's announcement that implied the two countries confirmed proceeding with the projects. Industry Minister Kim Jung-kwan said he lodged a protest with U.S. Secretary of Commerce Howard Lutnick over "the announcement that went far beyond what was agreed."

This came after U.S. President Donald Trump presented the Alaska LNG project and plans for eight nuclear reactors alongside a $22.3 billion Texas combined-cycle gas power plant as part of Korea's $200 billion strategic investment package during an announcement at the White House in Washington on Sept. 30. The discrepancy is significant as Seoul had been classifying the Texas power plant as the only project formally selected under the strategic investment framework, while treating the nuclear and Alaska projects as matters requiring further negotiations and review.

The Korean government made it clear that any commitments will be subject to "commercial reasonableness" standards and required domestic procedures, signaling that it does not regard the projects, especially the LNG one, as a finalized investment commitment. "We agreed to begin working on the Alaska LNG project on the conditions that, first, its commercial viability is confirmed and, second, it complies with Korea's

legal procedures ... For nuclear power plants as well, commercial viability must be guaranteed on a plant-by-plant basis," President Lee Jae Myung wrote on X on Oct. 1.

"This morning (after the announcement), I lodged a strong protest with Lutnick as the announcement went far beyond what was agreed, as the countries agreed to proceed with the Alaska project only on the premise that commercial reasonableness is guaranteed," Industry Minister Kim told reporters. He has repeatedly said the project faces commercial challenges, its commercial reasonableness is low and Seoul would not proceed if the project fails to meet the condition, even if it offered strategic benefits.

Korea says U.S. interested in Alaska LNG 'for political reasons'

(JoongAng Daily analysis; South Korea; Oct. 1) - The Trump administration's announcement of South Korea's investment in U.S. energy projects took on the air of a raucous Republican rally at the White House on Sept. 30, with the president flanked by more than a dozen senior aides and business leaders. The Korean press briefing, on the other hand, was a still, quiet affair, with only Industry Minister Kim Jung-kwan appearing on stage to draw a line from the early U.S. announcement.

The gap in tone underscores how far apart the two sides are on the details of Korea's $200 billion investment pledge, despite a joint statement released by the U.S. Department of Commerce and Korea's Ministry of Trade, Industry and Resources on Oct. 1. Two of the three projects under the pledge are still contested in several areas, with Seoul more worried than Washington about whether they will turn a profit. The biggest point of contention is an Alaska LNG project. U.S. Commerce Secretary Howard Lutnick said Korea will invest more than $50 billion to the Alaska project.

Kim pushed back on Lutnick's assertion on Oct. 1, saying he personally raised a strong objection with Lutnick over U.S. language that went beyond what the two sides had agreed. "The U.S. appears eager to use this project for domestic purposes," Kim said at a press briefing in Sejong. "I raised a strong objection to that with Commerce Secretary Lutnick this morning." He added. "The U.S. is interested in the project for political reasons, for Alaska and the region, and for the LNG business. Korea's interest is in recovering the principal and interest on its investors' money. Such differences are inevitable, and we will have to negotiate hard with the U.S. once more."

Trump doubles down on threats against Korea over Alaska project

(JoongAng Daily; South Korea; Oct. 4) - U.S. President Donald Trump again appeared to use tariffs as leverage over South Korea when he warned that he would "double" the burden unless Seoul soon signs on to the proposed Alaska liquefied natural gas project. Washington announced on Sept. 30 that Seoul had committed to invest more than $50

billion in an LNG project in Alaska — a claim that Korea later said was untrue. Trump's push for Korea to agree to the project could reopen a trade fight between the countries.

"I didn't jump the gun," Trump said on Oct. 2 when reporters asked if his announcement was hasty. The U.S. president went on to suggest that Korea would bear a high cost if it declines to participate. "And let's see if they don't want to do it. That's OK with me," he said. "[But] I'll just charge them more." Trump's later remarks indicated that he had not yet heard Korea's position that no agreement had been reached. "Wait, wait, wait, they said they didn't sign off?" he asked after reporters told him that Korea was "still studying" the project. "Tell them if they don't sign shortly, I'm going to double it up."

Though Korea and the U.S. Department of Commerce's own fact sheet said the Alaska project was still subject to further talks, Trump's latest comments suggest that those qualifications may not matter to him. If he treats Korea's investment in the LNG project as a given, his administration could follow his lead, as few officials seem able to challenge him. This could expose Korea to further investment pressure.

Trump claims South Korea will back enhanced oil recovery project

(Reuters; Oct. 2) - President Donald Trump said on Oct. 2 that a U.S. trade deal with South Korea includes $8.4 billion for a project to push out crude from an aging oil field, although South Korea's state-supported Yonhap news agency reported that an official from Seoul's industry ministry was surprised by the claim. The Korean official said the enhanced oil recovery project was not part of the deal, according to the Yonhap report.

The technology, which often pumps the greenhouse gas carbon dioxide into oil fields to squeeze out remaining crude, is backed by large oil companies but is opposed by many environmental groups that say it is not a climate solution as it can prolong dependence on petroleum. The announcement is the latest in a series of economic and investment deals Trump is highlighting ahead of November's elections, as he seeks to reinforce his economic record amid voter concerns over the Iran war and high gasoline prices.

The president's announcement of an enhanced oil recovery project with South Korea was his second such claim of the week that later was disputed by South Korean officials. Trump unveiled plans on Sept. 30 for South Korea to invest $200 billion in U.S. energy projects, but Seoul quickly suggested one key element, the $54 billion Alaska LNG project, had not been decided and required more discussion.

LNG Canada will use Chinese fabrication yards for expansion project

(CBC News; Canada; Oct. 2) - LNG Canada will once again use Chinese steel for the "specialized fabrication capability" it requires for its US$33 billion Phase 2 expansion

project in Kitimat, British Columbia. The joint venture will buy components from state-owned China Offshore Oil Engineering Co. (COOEC)., which also manufactured its first two liquified natural gas processing units, known as trains, now in operation. On Sept. 29, LNG Canada announced an expansion of the facility's production capacity from 14 million to 28 million tonnes per year once the work is complete, likely in the early 2030s.

"For the plant in Kitimat, the challenge is not a preference for offshore steel, but the specialized fabrication capability required for modules of this scale and complexity," LNG Canada spokesperson Paul Hagel wrote in an email. "There are no fabrication yards in Canada that can manufacture and deliver the additional modules required for Phase 2. “Only five fabrication yards globally have the combination of space, capacity, quality systems and marine access required for this scope of work, including COOEC in China, which successfully fabricated modules for LNG Canada's Phase 1."

At the Sept. 29 event marking the final investment decision on the project, CBC News asked Prime Minister Mark Carney if the expansion would be built with Canadian or Chinese steel. "It's a great question for the proponents of Phase 2," Carney said. "I'll leave it to them." He added, "There will be full opportunities to buy Canadian steel, and we'll continue to invest in the Canadian steel industry to make sure that's the case. But it will be for them to decide.”

Canada ready to fast-track new oil export pipeline to west coast

(Reuters; Oct. 1) - Canada will fast track the approval process for a proposed 1-million-barrel-a-day oil export pipeline to its west coast that could generate over C$20 billion (US$14 billion) a year in GDP, Prime Minister Mark Carney said on Oct. 1. The pipeline, which was announced in July, is a crucial part of Carney's bid to diversify the economy away from the U.S. and help lessen the effect of President Donald Trump's tariffs.

Carney said Ottawa would officially list the Pacific Link pipeline as a project of national interest, which enables it to proceed through a single federal regulatory review process. He said Ottawa aimed to complete the process by Sept. 1, 2027. The pipeline will be built by government-owned Trans Mountain Corp. in coordination with Pembina Pipeline. Alberta estimates it could cost between C$35.2 billion and C$43.7 billion. The majority owners will be the federal government and the government of Alberta. Indigenous communities will be offered a minimum of 10% ownership interest.

For years, Canada has sent more than 90% of its oil exports to the U.S. via pipelines. A new export line could make Canada a major global energy supplier, as Asia's top importers seek oil from outside the Middle East in the wake of the Iran conflict. Canada currently has just one east-west oil export pipeline in Canada, the 890,000-barrel-per-day Trans Mountain pipeline that moves crude from the Alberta oil sands. An expansion of that pipeline was completed in 2024, but it is already running at capacity.

Washington state governor ‘disappointed’ at new Canadian oil line

(Washington State Standard; Oct. 2) - A proposed Canadian oil pipeline to a supertanker terminal at the Port of Vancouver in British Columbia is raising hackles among Washington state’s political leaders. Canadian Prime Minister Mark Carney on Oct. 1 designated the West Coast Oil Pipeline, now known as the Pacific Link, as a project of national interest. That enables a speedier regulatory review that could see pipeline design and construction under way by next fall.

In response, Washington Gov. Bob Ferguson on Oct. 2 sounded alarms about increased oil spill risk to the Salish Sea in his first public comments on the project. The Carney announcement wasn’t a surprise. In July, the prime minister and Alberta Premier Danielle Smith talked of fast-tracking the proposed 775-mile pipeline capable of carrying one million barrels of oil a day. It would run from the Edmonton region to a new export terminal capable of handling supertankers proposed for Port of Vancouver’s Roberts Bank in British Columbia just north of the U.S. border. Oil could flow by the early 2030s.

Once operating, many more oil-filled vessels traveling from the port would pass by the San Juan Islands and Olympic Peninsula on their way to Asia. Project critics fear a spill could easily reach north Puget Sound, the Strait of Juan de Fuca and Washington’s outer coast, threatening sensitive ecosystems and killer whale habitat. Ferguson said on Oct. 2 that he was “disappointed” at the decision because resources needed to respond to a major spill are insufficient today.

U.S. and other nations agree to release diesel, gasoline reserves

(Washington Post; Oct. 2) - The world’s wealthiest countries announced Oct. 2 that they would release 100 million barrels of diesel, gasoline and crude oil from their emergency reserves over the next four months, in an effort to ease crushing prices around the world. The move by the Group of 7 nations followed Trump administration threats that the United States would ban exports of its diesel fuel. Such a ban threatened to create chaos in global markets and send costs surging further, especially in Europe.

As part of the agreement, the diesel that will flow into the market will come from European stocks. The deal involves a “front-loaded substantial diesel release within the first 20 days.” That could ease prices some. But it was not immediately clear how much relief drivers would see. About 28 million barrels of diesel are consumed around the world every day. The addition of a few dozen million barrels of the fuel over four months creates only a measured increase in the global supply.

“This is a short-term bandage for a wound that is still wide open,” said Brett Erickson, a risk advisory consultant who closely monitors oil and gas markets. The announcement suggests the release of the reserves was conditional on the U.S. agreeing not to pursue a diesel ban proposed by President Donald Trump. As the administration contemplated

an export ban in recent weeks, top executives from the country's largest oil companies aggressively lobbied against it, according to industry officials. They warned a ban could do the opposite of what the administration intended and send prices shooting upward.

Fear that fighting could reignite keeps oil above $100 a barrel

(Bloomberg; Oct. 4) - Hundred-dollar oil is hard to leave behind. The amount of crude flowing from the Middle East has almost returned to levels last seen before the U.S. attacked Iran, triggering one of the biggest supply disruptions in history. But global prices remain stuck above $100, roughly 40% higher than when the conflict began. They're sending shock waves through the global economy, feeding inflation and squeezing industries and consumers alike.

Even the Oct. 2 announcement that the G7 nations and its partners would release as much as 100 million barrels of oil and diesel stocks couldn't bring prices down. Instead, a confluence of problems is keeping them high. Traders fear the unresolved war could reignite at any time, particularly now that the U.S. is deploying an additional aircraft carrier and more troops to the Persian Gulf. Even the current stalemate carries risks, with Iran attacking some ships as it tries to control the Strait of Hormuz.

At the same time, oil inventories worldwide have been heavily depleted, now sitting at their lowest point in five years. Russia's ongoing war with Ukraine has blocked exports from many refineries that turn crude into finished fuels, so refineries elsewhere are willing to pay top dollar to lock in the oil supplies they need to run nonstop. And the sheer difficulty of moving oil out of a war zone via different shipping routes adds its own costs. "Getting the oil moving again doesn't instantly fix any of that." said Haris Khurshid, chief investment officer at Chicago-based Karobaar Capital.

Countries now realize refineries are absolutely critical

(Bloomberg; Sept. 30) - When Dev Sanyal joined the oil industry in the late 1980s, the Berlin Wall was still in place and Nintendo released the Game Boy. Brent crude oil cost about $15 a barrel. Since then, refining fuels has been at best an afterthought for policymakers in Europe, who've let oil refineries shutter and outsource the supply of fuels like diesel and gasoline. Even in the U.S., the world's No. 1 oil producer, refineries have closed, raising the cost of fuel in some parts of the country more than others.

That dwindling capacity has now collided with geopolitical upheaval. Diesel futures in Europe are near $200 a barrel, while U.S. retail costs hit a record of more than $6.50 a gallon. Brent is hovering above $100 a barrel. The price surges, brought on by the Iran war and exacerbated by Ukraine's attacks on Russian refineries, is bringing fuel-making into government focus, said Dev Sanyal, who runs European fuel-maker VaroPreem.

“People talk about pipelines as critical infrastructure,” said Sanyal, whose company supplies 10% of Europe’s transport fuel. “People never talked about refineries as critical infrastructure. They’re definitely using that expression now.” Central banks are fretting that surging diesel prices will lead to sustained inflationary pressures, and the need for further interest-rate hikes, with the fuel essential to everything from transport to food production and travel. Energy price surges have also fed into a global bond selloff. Refiners, for their part, are doing as much as they can to lift output, particularly of diesel.

OPEC+ production capacity review delayed to November

(Reuters; Oct. 2) - An OPEC+ review to help to determine members’ 2027 oil output quotas has been delayed after the U.S.-Israeli war on Iran disrupted projects to expand capacity across the Middle East, throwing estimates of future production potential into uncertainty, said two sources close to the matter. OPEC+, which comprises the Organization of the Petroleum Exporting Countries plus Russia and other allies, had ordered its production capacity review for all members in late 2025 before setting 2027 quotas, with completion due by the end of September 2026.

The deadline has slipped, the sources said, with both saying the review is now expected to be completed by mid-November. At its last group-wide meeting in June, OPEC said it affirmed "the importance of completing the maximum sustainable production capacity assessment for all (member) countries to be used as reference for 2027 production baselines". U.S. petroleum consultant DeGolyer and MacNaughton is working on capacity estimates for OPEC+ members except Russia, Iran and Venezuela because they are under U.S. sanctions, sources told Reuters in late 2025.

DeGolyer won’t submit its report to OPEC until mid-November, the two sources said. That timeline would still allow OPEC+ to consider the findings at its group-wide meeting in late November. The Middle East conflict has delayed projects that were due to boost production capacity in some OPEC+ countries, complicating estimates of how much oil they will be capable of pumping. Not all countries have submitted the data required for the review, the sources said without naming the countries.

Indian refineries can save money by picking up oil in Persian Gulf

(Bloomberg; Oct. 1) - Indian oil refiners are hiring tankers to sail through the Strait of Hormuz to pick up crude from within the Persian Gulf, a change of tactics to help them cut costs and secure their supply chains. They have issued tenders and are negotiating with shipping lines, according to people familiar with their efforts. So far, Sinokor Group and Dynacom Tankers Management have been awarded tenders, said the people, asking not to be named as they’re not authorized to speak to the media. Shipping Corp. of India and Lila Global also made bids but those tenders were canceled, they said.

The move marks a shift for Indian refiners, who have avoided sending their own tankers through Hormuz since early in the U.S.-Iran war due to the risk of attacks. Instead, they relied on gulf producers and international traders to shoulder the risk of transiting the contested waterway and delivering barrels to India, which involved paying a hefty premium for the service.

In recent weeks, however, Indian Oil, Reliance Industries, Bharat Petroleum and HPCL-Mittal Energy have bought Iraqi crude on a free-on-board basis, which require them to handle the logistics of sending a ship to load the cargo and delivering to its destination. The deals give refiners a chance to control costs, although finding tankers isn't straightforward. "The discount is attractive, but the key issue is that the crude still needs to be sourced from inside the Strait of Hormuz, where shipping and operational risks remain elevated," said Sumit Ritolia, senior manager of modeling at analytics firm Kpler.

Bangladesh is a warning sign of shaky growth in LNG demand

(Reuters commentary; Oct. 1) - Bangladesh should be one of the global LNG industry's success stories, but instead it is a warning sign. Few countries better fit the profile of a future liquefied natural gas growth market. Electricity demand is rising, domestic gas reserves are falling and policymakers have invested heavily in LNG import facilities. For years, those trends helped make Bangladesh a poster child among LNG bulls who argued that growing Asia economies would underpin LNG demand growth for decades.

Instead, Bangladesh has crossed a milestone that should give LNG investors pause. Coal-fired electricity generation overtook gas-fired generation for the first time this summer, data from Ember shows, marking a dramatic shift for a country where gas previously accounted for over 90% of electricity supplies. That flip is significant because it has implications for gas use trends across the broader developing world. Meanwhile, the LNG industry's growth story rests on a relatively small group of markets.

Demand in Europe is expected to flatten or decline over time as renewables expand. Japan and South Korea remain major gas importers but both have more new nuclear power generation under construction than gas-fired, according to Global Energy Monitor, which should limit gas-fired growth. China remains important, but its energy strategy is mainly focused on developing domestic clean energy supplies. That leaves emerging Asia, where countries such as Bangladesh, Pakistan, Vietnam and the Philippines have long been viewed as the next generation of buyers. The problem is that these countries are also among the world's most price-sensitive energy consumers.

Pakistan may let private companies import LNG to boost supplies

(Bloomberg; Sept. 30) - Pakistan is considering allowing power plants and other private companies to directly import liquefied natural gas, according to a person familiar with the move, as the government looks to shore up energy supplies without putting additional strain on state finances. The nation's two LNG import terminals have been mostly idle since March, when the conflict in the Middle East all but halted flows from Qatar, the country's top supplier. Existing regulations don't easily allow buyers apart from state-owned Pakistan LNG to procure cargoes from the spot market.

The Energy Ministry's petroleum division has submitted a proposal to greatly increase the scope to auction unused capacity at the terminals and allow private companies to import LNG directly, according to the person who asked not to be named as the information isn't public. Pakistan GasPort, which operates one of the terminals, has long called for non state-owned firms like itself to be allowed to import LNG.

The country has been struggling with rolling power blackouts and a fuel shortfall as the near-closure of the Strait of Hormuz drastically cut its LNG deliveries. While Pakistan has been purchasing some shipments from the spot market to replace lost Qatari flows, prices are more than double pre-war levels, weighing on government finances.

ConocoPhillips signs up for 20 years of LNG from Louisiana supplier

(Reuters; Oct. 1) - Venture Global and ConocoPhillips said on Oct. 1 they had signed a 20-year liquefied natural gas supply agreement under which ConocoPhillips will buy 1 million tonnes a year of LNG starting in 2030. The deal comes as ConocoPhillips looks to bolster its LNG portfolio while challenges stemming from the Iran conflict have affected QatarEnergy's LNG operations and expansion projects in which ConocoPhillips holds interests. ConocoPhillips holds a 30% interest in QatarEnergy's Ras Laffan LNG project and also has stakes in LNG expansion projects in Qatar.

Venture Global said it has more than 100 million tonnes of annual LNG production capacity in production, construction or development. The company's first three LNG projects, Calcasieu Pass, Plaquemines LNG and CP2 LNG, are in Louisiana.