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Analysis

US crude benchmark West Texas Intermediate (WTI) fell by an historic 40% [1] last Monday, as traders rushed to sell off the soon-to-expire May futures contract, hours before the contract turned negative for the first time ever [2].

International

E&P firms are slashing capex and cancelling planned offshore work [3] amid crumbling crude prices, with Shell issuing Maersk an early termination notice and Shell-led group Burullus scrapping a contract with Transocean.

Schlumberger has posted USD 7.4 billion net losses for Q1'20 and USD 8.5 billion pre-tax charge driven by "the significant decline in market valuations during March 2020", while Halliburton reported a USD 1 billion in both Q1'20 losses and impairments [4].

Shell has delayed FID on the Whale deepwater project [5] in the Gulf of Mexico and postponed the Jackdaw project in the central North Sea until some point next year, in the wake of a USD 5 billion cut to this year's capital budget in response to Covid-19.

Qatar Petroleum has booked yard space in China to help build as many as 120 LNG vessels [6], reaffirming Qatar's commitment to expand its North Field projects despite a deepening LNG glut and the ongoing Covid-19 pandemic.

Services firms Saipem and TechnipFMC slumped to sizeable Q1'20 losses after recording major impairments [7], with both announcing cuts in a bid to contend with spiralling market uncertainties fuelled by a sharp drop in work over the first three months of the year.

Eni expects a "complicated" year ahead, with a gradual recovery in global energy demand [8] in H2'20 and has forecast Brent crude to average USD 45/barrel this year, the firm announced in its Q1'20 results.

Europe

Norway – Equinor is cutting its Q1'20 dividend by 67% [9], making it the first major European oil company to curtail shareholder payouts in response to the coronavirus-induced oil price crash.

Austria / Bulgaria / Hungary / Romania – The second stage of the Bulgaria-Romania-Hungary-Austria pipeline has been terminated [10] after a final capacity bidding round failed, marking another obstacle to upstream development in Romania's portion of the Black Sea.

Mediterranean

Cyprus / Turkey – Ignoring precautions that most countries and energy companies are taking during the coronavirus pandemic, Turkish Petroleum has sent a drillship back to the Cyprus exclusive economic zone [11] in a contested search for hydrocarbons.

Middle East

Iran / Iraq – The Iraqi ministry of electricity has reportedly reduced gas and electricity imports from Iran [12] by 75% and claims to be nearing self-sufficiency in power generation, as the latest deadline on a US sanctions waiver looms over officials in Baghdad.

North Africa

Egypt – Chances of the Damietta LNG plant returning to operations [13] in June look slim to none after an agreement meant to resolve outstanding legal disputes between the partners of the 5 mtpa capacity facility was scrapped, Naturgy said last week.

North America

Mexico / US – Epsilon LNG has joined a growing list of firms looking to export LNG from Mexico [14] after seeking a 20-year permit to export from the Permian basin to Mexico and export the volumes as LNG from its proposed 7.8 mtpa capacity Amigo LNG plant.

US – Jordan Cove LNG plant developer Pembina Pipeline Corp has taken the unusual step of asking the FERC to amend its March order [15] approving the construction of the Oregon liquefaction plant and feed pipeline.

Spot gas at the Waha hub in Texas settled at its second-lowest level ever last Monday [16] due to planned pipeline maintenance that would dent takeaway capacity from the Permian basin, while the forward price of Henry Hub rallied on the back of crude prices plummeting.

The Independent Petroleum Association of America has asked the Federal Reserve to allow US shale firms to access the government's USD 2.3 trillion Covid-19 emergency lending program, arguing thousands of jobs are threatened [17] by very low US oil prices.

The Texas Railroad Commission has deferred a vote on whether to enforce production cuts [18] in the state, with two members of the three-person board wanting to clarify the legality of such a proposal with the state's attorney general before voting on 5 May.

Long-term buyers from Cheniere's two Gulf liquefaction plants have asked to cancel at least 10 [19] LNG cargoes for loading in June [19], with one trade source saying that June loadings will likely be 25-30 cargoes fewer than the April-May average.

Oklahoma's energy regulator has signalled it will provide relief to struggling oil producers [20] after signing an emergency order classifying some oil production as economic waste – enabling operators to maintain leases if they cease production in response to low prices.

Continental Resources has reportedly halted most production from operations in North Dakota [21] and has declared force majeure on at least one of its oil supply contracts with a refiner in a move that trade

group AFPM called “the height of hypocrisy”.

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