Oil and Gas News Briefs Compiled by Larry Persily September 26, 2024

Saudis reportedly ready to raise output to win back market share

(Reuters; Sept. 26) - Saudi Arabia is preparing to abandon its unofficial \$100-a-barrel oil price target as it gets ready to raise output to win back market share, even if it means lower prices, the Financial Times reported on Sept. 26. The Organization of the Petroleum Exporting Countries, which is de facto led by the Saudis, has been cutting oil output to support prices along with allies including Russia, together known as OPEC+.

However, prices are down nearly 23% from a year ago, amid increasing supply from other producers, especially the U.S., as well as weak demand growth in China. Earlier this month, OPEC+ agreed to delay a planned oil output increase for October and November after crude prices hit their lowest in nine months, saying it could further pause or reverse the hikes if needed. The Financial Times, citing people familiar with Saudi thinking, reported that the OPEC leader is committed to the group raising production as planned on Dec. 1, even if that means a longer period of low oil prices.

The market share of OPEC+, formed in late 2016, has slipped to all-time lows after output cuts since 2022 and supply increases by the U.S. and other producers, according to the International Energy Agency. OPEC+ oil output is equal to 48% of world supply, according to Reuters calculations based on IEA figures. Saudi Arabia's crude output is below 10% of the world market, while U.S. oil output has risen to 20% of world supply. Saudi Arabia believes it has enough funding options, including foreign reserves and debt, to withstand a period of lower prices, the newspaper said.

Oversupply drops natural gas prices at key Canadian hub to 5 cents

(Reuters; Sept. 23) - Canadian natural gas prices slumped to their lowest level in more than two years on Sept. 23 and are expected to remain under pressure for weeks, as storage levels in Alberta reach full capacity due to weak demand across North America. Next-day gas prices at the AECO hub in Alberta fell to 5 Canadian cents per million Btu, their lowest level since August 2022, according to data from financial firm LSEG. The AECO benchmark has been trending lower throughout 2024 following a mild winter that left Canada, the world's sixth-largest gas producer, with a significant surplus of supply.

Summer air conditioning demand is winding down and storage sites in Alberta are close to full, said RBN Energy analyst Martin King, who said prices would struggle to recover until colder weather starts in late October. "It seems pretty clear we are going to stay weak until we get a demand pickup because we're running out of places to put the gas."

Alberta has 504 billion cubic feet of gas storage, according to RBN, which is essentially full. British Columbia and Saskatchewan have a further 80 bcf of capacity, of which 36 bcf is still available. Overall Western Canadian storage levels are 30% higher than the three-year average for this time of year. Months of subdued AECO prices have already prompted a number of major producers to shut in or delay completing natural gas wells.

No consensus between OPEC+ and IEA on future oil demand

(CNBC; Sept. 24) - Global benchmark Brent crude falling below \$70 a barrel in early September — its lowest in 33 months — is terrific news for consumers, who will consequently see lower prices at the pump. It's also the stuff of nightmares for OPEC+, for whom oil revenues are critical. The oil-producer alliance led by Saudi Arabia decided in October to delay oil production hikes for two additional months in an effort to shore up prices, but so far to no avail. Low global demand forecasts, coupled with new oil supply coming from non-OPEC countries, spell a long period of subdued crude prices.

It's led some in the market to ask the question: Have we officially reached "peak oil"? Has demand growth hit its apex, and is it just downhill from here? By the forecasts of OPEC itself, that's a hard no. The oil-producer group's 2024 World Oil Outlook report, released Sept. 24, predicts strong energy demand growth of 24% globally between now and 2050. It also forecasts "robust medium-term growth" in oil demand reaching 112.3 million barrels per day in 2029, an increase of 10.1 million barrels compared to 2023.

A number of energy analysts appear to disagree with that calculation — not least those at the International Energy Agency. The agency sees demand actually leveling off by the end of the decade to around 106 million barrels a day, according to its annual mid-term outlook published in June. The IEA still sees global oil demand rising; it just forecasts a smaller rise and expects it to peak by the end of the decade. The battle of the forecasts between OPEC and the IEA has gained publicity in recent years. All parties agree that demand will fall in the developing world, while rising in emerging markets led by India.

OPEC+ nations make a game out of cheating on production

(Bloomberg columnist; Sept. 24) - OPEC+ officials love to make Hollywood film references. Need to bash renewable energy? "Gone With the Wind." Attack whoever forecast a peak in oil demand? "La La Land." Put oil speculators on notice? "Make my day," the one-liner from "Dirty Harry." On that very same popular culture vibe, the cinematic reference I think neatly describes the biggest ill afflicting the group now is a movie called "The Cheating Game."

Since the beginning of the year, the OPEC+ countries that are subject to output caps have pumped more than 600,000 barrels a day above their self-imposed limits. The

overproduction, as OPEC+ calls it (or cheating, as I prefer), last month reached nearly 850,000 barrels a day. The deluge is a key reason why oil prices have fallen so much over the past two months — down 20% over the last year to \$75 a barrel — and why many in the market are increasingly skeptical the cartel can push prices higher in 2025.

The group likes to blame everyone else for its problems. Typical scapegoats include the news media, Wall Street analysts and speculators. But the larger problem is one of trust, which is exactly what The Cheating Game is all about. If most OPEC+ members ignore what's expected from them and do so increasingly and repeatedly, the temptation to cheat only grows. The more OPEC+ says it's going to end cheating but doesn't, the bigger the problem. Ultimately, the oil market will assume that this becomes standard practice. Every oil trader knows about the overproduction.

OPEC raises oil demand forecast, citing slower shift to cleaner fuels

(Reuters; Sept. 24) - OPEC raised its forecast for world oil demand for the medium and long term in an annual outlook, citing growth led by India, Africa and the Middle East and a slower shift to electric vehicles and cleaner fuels. The Organization of the Petroleum Exporting Countries, in its 2024 World Oil Outlook published on Sept. 24, sees demand growing for a longer period than other forecasters like BP and the International Energy Agency, which expect oil use to peak this decade.

"Future energy demand is found in the developing world due to increasing populations, middle class and urbanization," said OPEC Secretary General Haitham Al Ghais during the report's launch in Brazil, a country with which the group is seeking to form closer ties. A longer period of rising consumption would be a boost for OPEC, whose 12 members depend on oil income. In support of its view, OPEC said it expected more pushback on "ambitious" clean-energy targets.

"There is no peak oil demand on the horizon," Al Ghais wrote in the foreword to the report. "Over the past year, there has been further recognition that the world can only phase in new energy sources at scale when they are genuinely ready." OPEC expects world oil demand to reach 118.9 million barrels per day by 2045, around 2.9 million higher than expected in last year's report. The report rolled out its timeline to 2050 and expects demand to hit 120.1 million barrels per day by then. That is far above other 2050 forecasts from the industry, particularly from BP and ExxonMobil.

FTC reportedly will allow Chevron to proceed with purchase of Hess

(Reuters; Sept. 23) - The U.S. Federal Trade Commission is expected to greenlight Chevron's purchase of Hess as soon as this week, two people familiar with the matter said, leaving ExxonMobil's challenge to the \$53 billion deal as its final hurdle. The

proposed merger was first announced last October, and the FTC sent a second information request to Chevron two months later.

Exxon and China's CNOOC, partners with Hess in a lucrative Guyana joint venture, are challenging the deal by claiming a right of first refusal to any sale of Hess's Guyana assets, the big prize in the proposed merger. A three-judge arbitration panel is due to consider the case in May 2025. Chevron and Hess say a decision is expected by August, while Exxon expects it by September 2025.

The proposed all-stock acquisition is one of the largest in a consolidating U.S. oil and gas industry where several multibillion-dollar deals have been disclosed. Chevron's announcement of the Hess deal followed Exxon's \$60 billion purchase of U.S. shale giant Pioneer Natural Resources, which closed in May. Two other mergers, Occidental Petroleum's deal for CrownRock and Diamondback Energy's bid for Endeavor Energy Resources, have closed even though they came after the Chevron-Hess combination.

Shell stakes out LNG presence on North America's West Coast

(Nikkei Asia; Sept. 24) - Shell is increasing its footprint in Canada and Mexico as it looks to export liquefied natural gas to Asia through facilities in those countries. Construction of Shell's LNG facility in Kitimat, British Columbia, is 95% complete and will be ready to start shipping cargoes by mid-2025, Zoe Yujnovich, who leads the company's natural gas and upstream division, told Nikkei Asia. Shell has the largest LNG business among the world's top oil companies. The company plans to increase LNG sales volume by about 20% to 30% by 2030 and is "well on track" to meet the target, Yujnovich said.

One of the largest projects that would contribute to this growth is the LNG Canada project, at almost 14 million tonnes annual production capacity. Shell, along with Japan's Mitsubishi, Malaysia's Petronas, South Korea's KOGAS and China's PetroChina, has invested in the approximately US\$30 billion project, which will become the first operating LNG plant on Canada's West Coast. The area has better access to Asian markets than the U.S. Gulf Coast, avoiding the crowded Panama Canal and reducing transport costs for Asian utilities.

Shell and its partners are also considering doubling the facility's production capacity. The final investment decision on expansion is still under discussion, Yujnovich said, declining to give a timeline. Shell is also planning to export LNG produced in Mexico. The company will sell at least 2.6 million tonnes of LNG per year from Mexico's West Coast to Asian utilities. Mexico Pacific, a U.S.-based LNG project developer, is working toward building a facility with production start-up possible in 2029.

Russia expects oil and gas revenues to decline over next 3 years

(Bloomberg; Sept. 23) - The Russian government sees its oil and gas revenue falling for the next three years due to lower energy prices and a more lenient tax regime for Gazprom. According to a draft three-year budget seen by Bloomberg News, this key source of funds for the Kremlin will slide by 14% from 2024 to 2027, with implications for the war in Ukraine and Moscow's escalating military spending.

Russia's oil and gas industry is set to contribute 10.94 trillion rubles (\$118 billion) in taxes to state coffers next year, according to the draft projections prepared by the government. That would be 3.3% less than the projection for 2024. Annual revenue is expected to keep declining in the following two years, reaching 9.77 trillion rubles in 2027, the documents show.

The flow of petrodollars has helped the Kremlin continue its war against Ukraine into its third year, even as Western nations have funneled billions of dollars in aid to Kyiv and imposed several waves of sanctions intended to curb Russia's earnings from energy exports. Russia has circumvented the restrictions, amassing a shadow fleet of tankers to deliver oil and liquefied natural gas to new clients in Asia. The latest projections for declining revenue reflect the weakening of global energy markets. The average export price of Russia's crude is expected to drop below \$70 a barrel next year.

Arctic route will close soon to non-ice-class Russian LNG tankers

(Bloomberg; Sept. 24) - Russia's sanctioned Arctic LNG 2 project has less than a month left to send liquefied natural gas cargoes across the Northern Sea Route toward Asia before the passage closes down for its non-ice-class tankers until next summer. Earlier-than-usual ice cover in the eastern Arctic will close navigation across that section of the route for non-ice-class vessels from Oct. 15, according to state nuclear corporation Rosatom, which manages the channel.

The early end to the eastbound navigation season will further limit export options for Arctic LNG 2, after it already struggled to ship cargoes and find buyers amid toughening U.S. sanctions. The restrictions have denied the project access to more resilient iceclass tankers, forcing it to use only lighter vessels, which delayed the start of loadings until early August. Arctic LNG 2, which originally had a design capacity of 19.8 million tonnes a year, is a key element in Russia's plans to expand its share in the market.

The U.S. and its allies have been trying to curb Russia's ambitions. Since the start of exports, the plant has loaded just six shipments, including one cargo already shipped across the Northern Sea Route to a storage site in Russia's Far East and another that is still on its eastbound journey. None of the cargoes has found a buyer so far. The project will be able to send its cargoes on non-ice-class vessels via the western section of the Northern Sea Route, but only until Nov. 15, under Russian navigation rules.

Novatek reportedly suspends work on two proposed LNG projects

(Upstream; Sept. 23) - Russia's largest independent gas producer Novatek has suspended work on two major liquefied natural gas export projects as international sanctions impede the viability of the developments, according to a local media report. Moscow business daily Kommersant on Sept. 23 quoted unnamed sources close to Novatek as saying that work has halted on Murmansk LNG and Obsky LNG.

The company is now exploring alternative options to LNG exports in order to monetize its gas reserves on the Yamal Peninsula in West Siberia, located near the country's flagship Yamal LNG project, the daily reported. Western sanctions were first imposed on Russia following its invasion of Ukraine in 2022 and have continued to be tightened since, including targeting Russia's LNG exports. The sanctions regime has already curtailed ambitions to export LNG from Novatek's Arctic LNG 2 project.

First proposed in 2023, Murmansk was considered critical to Russia's efforts to expand its LNG exports after losing pipeline gas sales to Europe. The facility planned to use gas pulled from the Russian domestic trunkline to produce 20.4 million tonnes per year of LNG. Earlier this year, the proposed capacity was cut to 13.6 million tonnes. Its location in waters that are ice-free most of the winter means Murmansk could avoid the need for ice-class LNG carriers. Novatek's attempts to export from its Arctic LNG 2 project have been hobbled by sanctions which have limited Russian access to ice-class carriers.

Kommersant said that Novatek is currently working on alternative options to proceed with the development of its untapped gas fields on the Yamal Peninsula, considering using natural gas to produce common fertilizers such as ammonia and urea. Western countries have not sanctioned Russian fertilizer exports because of global food security considerations, which is underpinning Novatek's conversion plan for Obsky LNG.

Russian shadow fleet LNG carrier heads home after failed voyage

(High North News; Sept. 23) - Two months into Russia's campaign to establish a shadow fleet to deliver its liquefied natural gas exports, LNG carriers with suspended registration continue traveling up and down Norway's coastal waters. At least three vessels with suspended registrations have passed in proximity to Norway's coastal waterways in recent weeks. The latest example is the New Energy returning from a sixweek odyssey across the Mediterranean and now back to the Arctic.

Its attempt to transit the Suez Canal with sanctioned gas was foiled when Palau suspended the ship's flag, a move which almost certainly goes hand in hand with a lack of or insufficient maritime insurance, experts confirm. "The suspension or revocation of a vessel's flag has serious implications. Indeed, being flagless impacts a vessel's navigation and insurance cover," said Enrico Vergani, head of shipping, transport and

logistics at European law firm BonelliErede. Under those circumstances, a transit across the regulated waterways of the Suez Canal may have been impossible.

After staying idle for more than two weeks, the vessel began its slow journey back to the Arctic after leaving the Mediterranean. It passed near the Lofoten Islands over the weekend and has rounded the northern tip of Norway, likely heading to Russian waters near Murmansk to join other LNG carriers of the shadow fleet that remain in limbo. The Pacific island state of Palau suspended the registration of five Russian shadow fleet vessels a month ago. Russia may be facing challenges in finding new permanent "homes" for its sanctioned LNG carriers.

Russian LNG project delivers cargo to transshipment storage unit

(gCaptain; Sept. 23) - The next element of Russia's emerging LNG shadow fleet has materialized over the weekend. The LNG carrier Everest Energy traveled to the Koryak floating storage unit near the southern tip of the Kamchatka Peninsula in Russia's Far East to transfer gas from the sanctioned Arctic LNG 2 project. The Everest Energy had passed through the Arctic's icy waters without a valid permit while traveling under a suspended registration by flag state Palau.

The Koryak floating storage barge was towed from the South Korea shipyard Hanwha Ocean, where it was built, to the North Pacific in August 2023, but it had thus far sat idle. With Koryak's sister barge, Saam, now also in use, the outlines of the shadow fleet operation have come into focus. Saam, located near Murmansk, received two cargoes earlier this month and will serve as Russia's western transshipment point.

Two months into the shadow fleet operation Arctic LNG 2 has managed to lift a total of five cargoes, with a sixth one currently in progress, but has failed to make any deliveries. The project is majority-owned by Russia's largest LNG producer Novatek. Of the six loadings, none have been delivered to customers, a sign that Arctic LNG 2 still faces challenges finding buyers for its sanctioned product. The transfer from Everest Energy to the Koryak constitutes the first cargo to leave the Arctic. All other shipments remain in limbo high in the Arctic aboard the Saam and various LNG carriers.

New EU rules present emissions reporting requirements for U.S. LNG

(S&P Global; Sept. 23) - A new European Union regulation aimed at imported fuels is sending a strong signal to the U.S. LNG sector and other suppliers to better track and control methane emissions. The long-anticipated EU Methane Regulation went into effect Aug. 4, with a key compliance period starting in 2027, but many details about how the new rules will work have yet to be developed. Reporting requirements that begin in May 2025 stand to establish an emissions baseline and set the stage for future years.

The top U.S. LNG exporter, Cheniere, sees the EU regulation as a measure that "sharpens the requirements" for addressing emissions, according to Robert Fee, the company's vice president of international affairs and climate. Instead of an "immediate, strict and fast requirement" for importers to report all the data the EU wants or face a penalty, he said the initial rule prompts companies to first submit information for existing supply deals and then incorporate the requirements into new contracts over time.

The regulations contain provisions to maintain a security of supply and requires importers to take "reasonable efforts" to meet reporting requirements — terminology that market participants and policy experts say should avert near-term impacts on flows of LNG to Europe. Exactly how the EU will apply the rule to LNG importers has injected uncertainty into talks over LNG supply contracts, attorney Alex Kerr, a partner with Baker Botts in London who advises clients in such negotiations, said in an interview.

The U.S. LNG sector in particular faces major reporting and compliance uncertainties that stem from the nature of the U.S. gas system and its vast pipeline network, experts note. The requirement to collect data "at the level of the producer" presents the clearest hurdle for exporters who do not have a clear line of sight to the wellhead, analysts say.

Vietnam needs more LNG to replace aging domestic gas fields

(S&P Global; Sept. 24) - Vietnam is expected to continue experiencing a shortfall of domestic natural gas for power generation next year due to declining production at its upstream gas fields, according to a presentation from state utility EVN, seen by S&P Global Commodity Insights on Sept. 23. Meanwhile, delays and constraints in its LNG import terminals mean it may not be able to fully rely on LNG to meet the shortfall.

The largest gas power plants in Vietnam are located in the southern region, capable of producing 7,200 megawatts. They require 24 million to 27 million cubic feet of gas per day. But since 2020, supply for these power plants has been on the decline due to aging gas fields. Currently, average gas supply for the plants stands at just 9.5 million cubic feet per day, less than half of demand, according to EVN. From 2025 onward, gas supply is expected to continue this downward trend, with only 5.3 million to 6.8 million cubic feet per day forecast for 2025, a significant drop from 2024 levels.

Vietnam currently has only one operational LNG terminal, located at Thi Vai, with a capacity of 1 million tonnes per year. A second terminal that has finished construction is the Cai Mep LNG project, which is also located in the southeast province of Ba Ria-Vung Tau. Atlantic Gulf & Pacific bought a 49% stake in Hai Linh and expects the terminal to start up in September, but so far it has yet to import its first cargo. The Hai Linh LNG terminal will have a capacity of 3 million tonnes per year.

Equinor proceeding with \$9 billion offshore Brazil gas development

(Bloomberg; Sept. 23) - Equinor has signed "all major contracts" to build a major natural gas development off the coast of Brazil that is expected to start production in 2028, Chief Executive Officer Anders Opedal said Sept. 23. The Norwegian oil major has secured suppliers to build a floating production vessel, drill production wells and install seabed infrastructure such as a pipeline, Opedal told reporters on the sidelines of an oil conference in Rio de Janeiro.

Valaris earlier this year won a \$498 million contract to drill wells for the project, known as Raia. The project will cost an estimated \$9 billion and could supply 15% of Brazilian gas demand when it comes online. Raia is part of Brazil's efforts to increase domestic gas supplies and bring down prices for industrial and residential consumers. In addition to producing from offshore fields, Brazil is looking to import gas from the Vaca Muerta region in Argentina, and also wants oil producers including Petroleo Brasileiro to send more gas ashore instead of reinjecting it in offshore fields.

Equinor also is developing an offshore oil and gas project in Brazil known as Bacalhau. Opedal said it isn't clear yet if it will be economically viable to build a pipeline and infrastructure to ship gas to shore, and such an undertaking might need to be done in partnership with other producers to share costs. Bacalhau is on target for 2025 start-up.

Egypt set to increase natural gas imports from Israel

(Arab Finance; Sept. 22) - Egypt is set to increase its imports of Israeli natural gas by 20% starting in October to reach 1.2 billion cubic feet per day, in a move to import less liquefied natural gas during the winter, an unnamed government official told Asharq Business. The country's imports of Israeli gas have already risen by 18% this month, bringing volumes to nearly 1 billion cubic feet per day, from 850 million cubic feet in July.

Earlier this month, Egypt secured 20 LNG shipments through a recently launched tender to cover its winter demand following a significant drop in domestic gas production. Egypt has now become a net importer of natural gas, purchasing over 50 LNG shipments since the beginning of 2024. The official explained that the boost in gas imports from Israel aligns with a decrease in demand in Israel and an increase in production from its offshore gas fields.

Egypt's daily natural gas needs are 6.2 billion cubic feet, while its daily production is about 4.6 billion cubic feet. The government aims to raise gas production to 5 billion cubic feet per day by the end of the year to meet the rising electricity demand during peak summer months and alleviate the need for a load-reduction plan. Egypt first began importing gas from Israel in 2020. An undersea pipeline delivers the fuel from offshore production to Egypt.

Southeast Asia's gas-powered aspirations could disappoint

(Reuters; Sept. 25) - Southeast Asia is fast becoming a key growth market for natural gas, and on paper has an aggressive development pipeline for gas-fired power stations that if completed would ensure the region would be a major gas consumer for decades. Southeast Asia is also one of the fastest-growing destinations for shipments of liquefied natural gas. Total LNG volumes to the region have more than doubled since 2019, outpacing all other key markets, according to Kpler.

But gas bulls should be wary about how much of Southeast Asia's proposed gas power development pipeline remains stuck in the planned phase, as only around 6% of the region's announced power projects are currently under construction. The remainder are still only planned on paper, and so remain at risk of potential delay or cancellation if power sector or government priorities switch to alternate power sources.

The risk of deep cuts to gas-fired capacity plans is high, as clean-energy capacity development has grown at three times the pace of gas-fired capacity since 2018 and has recently exceeded regional gas capacity for the first time. Steadily rising clean generation capacity is in turn forcing energy system planners to assess the generation requirements from remaining system components, placing potentially costly and long-duration development projects in jeopardy. That leaves the country's aspiring gas-fired power developers at risk of disappointment.

Norway looks to Barents Sea for new production

(S&P Global; Sept. 25) - Norway's soon-to-be-launched Johan Castberg oil field is the next stage in an industry expansion in the Barents Sea that requires more exploration and potentially a new gas pipeline from the Arctic to European markets, upstream regulator Torgeir Stordal said in an interview. Stordal, director general of the Norwegian Offshore Directorate, said there were grounds for optimism over development in Barents Sea waters, with some bigger companies taking a renewed interest in gas exploration.

Recent seismic imaging, particularly in the western Barents Sea near the Norwegian Sea, had produced "super-modern" images and companies are looking at drilling potential, Stordal said. The Johan Castberg field, which is expected on stream in the fourth quarter with a capacity of 220,000 barrels per day, should help kick-start the next Barents oil development, named Wisting, as the Castberg facilities can be a staging post to the more remote Wisting site, he said. State-controlled Equinor postponed a Wisting final investment decision in 2022, saying it would target the end of 2026.

Stordal said he was confident of continued European demand for Norwegian gas and a preference for pipeline gas. He said there is an urgency as core production in the North Sea is set to decline. "We don't think Europe's needs are covered with the current volume that we have. After 2025 — also in the gas area — the (production) decline will

be quite steep," Stordal said. Barents Sea progress on gas has been a "chicken and egg" problem, with a lack of infrastructure deterring exploration, and the lack of discovered volumes deterring infrastructure development, he said.

Kazakhstan expects results of oil field arbitration claims by December

(Reuters; Sept. 25) - Kazakhstan expects preliminary results of multibillion-dollar arbitration against international oil companies developing its giant fields by December, the country's energy minister told Reuters on Sept. 25. The central Asian country last year launched claims against groups developing its Kashagan and Karachaganak fields over \$13 billion and \$3.5 billion, respectively, over disputed costs. Kazakhstan has a history of large claims against foreign companies, which say the government uses to increase its shares in oil and gas projects in what amounts to "resource nationalism."

Kazakhstan's authorities have rejected such criticism, saying its aim is to rein in costs inflated by Western majors. The offshore Kashagan field, one of the world's biggest discoveries in recent decades, is being developed by Eni, Shell, TotalEnergies, ExxonMobil, KazMunayGaz, Inpex and CNPC. Their consortium has invested some \$50 billion in the project. Eni, Shell and KazMunayGaz are also partners in Karachaganak field, alongside Chevron and Lukoil, with investments at more than \$27 billion.

Bloomberg News reported in April that Kazakhstan raised arbitration claims against the Kashagan consortium to more than \$150 billion. Neither side has disclosed the details of the claims. The landlocked Kazakhstan, Central Asia's largest economy, has pinned its hope on the Kashagan field for future prosperity and has for years expressed its concerns over cost overruns and delays in its development. The field's crude contains high concentrations of poisonous hydrogen sulfide, which complicates the extraction process. Its production reached around 380,000 barrels per day last year.