

If convicted, the executives and officials each face up to 54 years in prison: 45 years of that sentence would be related to the homicide and nine would be linked to environmental crimes. The companies also face fines.

Samarco, Vale, and BHP Billiton declined to comment to Bloomberg BNA on the ruling suspending criminal proceedings.

This criminal case is unrelated to civil lawsuits against Samarco and its co-owners seeking billions of dollars. Last month, another Minas Gerais federal judge gave Samarco and its co-owners until Oct. 30 to finalize a settlement-for-damages agreement that would dismiss both civil suits.

Shale Drillers Spend Less, Produce More in Glut-Gorging Push

Posted August 09, 2017, 7:58 A.M. ET

By [Joe Carroll](#), [Giacomo Tognini](#) and [Alex Nussbaum](#)

Shale drillers are greeting the fourth year of a historic oil-market slump in a curious fashion, promising to generate even more price-killing production as 2017 progresses.

Second-quarter reports in the last two weeks show producers led by ConocoPhillips, EOG Resources Inc. and Diamondback Energy Inc. plan to pump 50,000 barrels a day more than prior forecasts, easily offsetting modest production cuts by other peers. At the same time, full-year drilling budgets were largely curbed, some by hundreds of millions of dollars.

Investors, though, were unimpressed, erasing as much as 11 percent from an index of Permian shale explorers since the updates began on July 26. Meanwhile, crude futures, once seemingly ready to breach \$50 a barrel in New York on OPEC-led cutbacks, are up just 0.8 percent.

Here are three charts on production forecasts, capital expenditures and hedging showing the status of U.S.-based drillers heading into the second half:

Apache Corp. was an outlier among shale players, cutting its production forecast for the year by 30,000 barrels a day to adjust for its exit from Canada. The producer sold its assets there earlier this year, choosing to focus on operations in the U.S., U.K., and Egypt.

Overall, the companies said they would cut about \$1.25 billion from their capital expenditures for 2017. The reasons varied company-by-company, with some executives citing shortages of fracking crews in some regions that will delay some planned wells until early 2018. At least seven more companies were due to disclose quarterly earnings this week.

“This is reflective of cautious capital budgeting, continued operational efficiencies in the field, and perhaps in some cases, service costs not meeting inflation expectations built into budgets,” David Tameron, an analyst at Wells Fargo Securities LLC, said in a note to clients. “In addition, capex reductions are also a nice tag line for companies to address Street concerns about capital discipline.”

One reason drillers have been sanguine about pumping more crude even as an existing glut weighs on prices is that they’ve been able to lock in profits for future barrels with hedging instruments such as swaps and options.

Pioneer Natural Resources Co., Devon Energy Corp. and Antero Resources Corp. are among the shale drillers amassing hedges that protect their future proceeds as far out as 2023, according to data compiled by Bloomberg. With U.S. crude futures getting closer to a new bull market, the pace of hedging by energy producers is poised to accelerate.

One of the most-active drillers in the Permian Basin, Pioneer has been closely following Energy Information Administration tallies of crude inventories that are released every Wednesday. Recently, the data has been lifting prices, and Pioneer's risk-management team has been swooping in to lock in the upticks, said Chief Executive Officer Tim Dove. So far, about half of the oil Pioneer expects to pump next year is covered.

"I'm pleased about that, of course," Dove said in a conference call. "We'll look to do more hedges in 2018 as we look for attractive opportunities to do so in the next few months, to actually be significantly higher than 50 percent."

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Gas Sellers Warn Hard-Bargaining Buyers: Market Is Turning

Posted August 09, 2017, 8:36 A.M. ET

By [Naureen S. Malik](#)

A worldwide glut of natural gas has buyers of the fuel driving hard bargains and pushing for shorter supply contracts. The only problem with that, according to their sellers: The market's about to turn against them.

Gas buyers have become too focused on the short-term, turning away from long-term contracts, said Greg Vesey, chief executive officer of Liquefied Natural Gas Ltd., an Australian developer of terminals that liquefy and export gas. If they keep it up and don't lock in enough contracts next year to encourage the construction of more export terminals, the market could end up short supplies as soon as 2021, he said.

"Things come to a head in late 2018," Vesey said in an interview at Bloomberg's headquarters in New York Aug. 8. "By the end of 2018, people will realize they have to make a decision."

The global glut of LNG supplies and an ensuing plunge in prices have already killed plans for export terminals around the world. Just last month, Malaysia's Petroliam Nasional Bhd. decided to scrap a \$27 billion export complex in Canada, citing low prices. And more could follow as buyers take advantage of excess supplies to renegotiate contracts.

"The reality is that a new facility needs to be backed by a 20-year contract," Kathleen Eisbrenner, chief executive officer of export terminal developer NextDecade Corp., said in an interview late Tuesday. "There is starting to be a realization that, if those contracts aren't signed soon, we will go into a shortage."

There is an appetite among some buyers, such as large Asian utilities, for 20-year contracts, with one counter-party interested in a 25-year deal, she said.

And yet Anatol Feygin, chief commercial officer of Cheniere Energy Inc., the U.S. shale gas exporter searching for long-term contracts to back an export terminal in Texas, noted a "good appetite"

among buyers to lock in supplies for three to seven years rather than 20. He said in a call with investors Aug. 8 that “market conditions continue to be challenging for long-term deals.”

Spot LNG in Northeast Asia, the biggest LNG-buying region, tumbled about 70 percent from its peak in February 2014, according to industry publication World Gas Intelligence.

Cut-Rate Prices

Increasing volumes of gas from Australia to America’s shale gas formations have hit the water in recent years, inundating the market with so much supply that analysts say demand may not catch up until the next decade. Raymond James said last month that export projects will probably continue to be shelved.

That has escalated the competition among LNG suppliers to score the long-term contracts they need to expand capacity, and some sellers are trying to entice buyers with cut-rate prices, Vesey said.

They are putting “ridiculously low prices out there” with the hopes of raising them in future contracts, he said. Liquefied Natural Gas is developing an export project in Louisiana that has already gained regulatory approval but needs supply agreements.

“There is a disruptive nature to what’s happening,” Vesey said.

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