

ENERGY UNWRAPPED! BY CHRIS SLADEN

An insightful commentary on the ever-evolving energy sector, written exclusively for the ANZMEX Business Council

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By Chris Sladen

20 Questions

20 Questions is a game where questions are asked with ‘yes or no’ answers to help identify and reveal a mystery subject. To win the game requires both deductive reasoning, excellent memory, and creative questioning to narrow down the possibilities. However, you are not allowed more than 20 questions; you win by identifying the mystery subject. During the late 1940’s through late 1970’s, 20 Questions became very popular through radio and TV programs. Its popularity spread globally, and many countries developed their own variant of a 20 Questions program. It remains popular in schools, universities, or as a family game and during lunch or dinner.

Here then are my 20 Questions about the energy sector. If you know the answers, great!, you understand the future of global energy!! At least for the next few years. Not only that, but you will also be able to identify and predict ‘Who wins & why?’ in the energy sector over coming years.

1. After the Russia-Ukraine war stops, will the EU start again taking cheap Russian natural gas by pipeline? Would the EU sign new long-term contracts for not only Russian gas but also refined products?
2. Can Russian gas to Europe simply be switched back on? Are major pipeline repairs and infrastructure rebuilds needed? If the EU re-starts taking cheap Russian gas, are there markets for all the US LNG to switch to? Will LNG continue to be leveraged as a political bargaining chip? Will the Eastern Med become a new source of gas for Europe? Will the US build a 1,300km Alaskan gas pipeline to feed LNG exports into Asia?
3. If the EU returns to living on Russian gas (~14bcf/d in 2021), what does Norway do next, having upped its gas supply into Europe both to help out and become no.1 supplier? Will there be a new home for Middle East and North Africa gas exports?
4. Will Mexico, which has ~70% natural gas imports from US (~6-8bcf/d), launch a campaign to be self-sufficient in gas, maybe by using IOC investment & technology such as fracking?
5. Will Canada welcome new investors, build new pipelines to its east and west coasts to reach Atlantic & Pacific markets, and avoid the US altogether?
6. Will rare earth minerals, copper, tin, and other strategic minerals become the next energy battleground? Will deals in Greenland & Ukraine reshape strategic mineral exploitation and investment? Will Australia be able to make up for production shortfalls elsewhere? Will there be a surge in mining deep sea nodules?
7. Can the US shale industry survive a prolonged period of oil prices around US\$ 60 per barrel or lower? Is it fit for US\$ 50 per barrel?
8. Will OPEC+ reassert control over oil supply? Pump more, or less? (Brazil recently joined OPEC+; will Namibia be next?). Will Venezuela stay off limits to most investors?
9. Will the fast-growing AI/data centre industry have to slow its plans due to insufficient 24/7 energy availability and infrastructure limitations? Will many centres pivot to coal to provide reliable power?
10. Will global investment follow the recent strong US government support for geothermal? Will this lead to a surge in developments for this near-zero carbon source of heat, power, cooling, and critical minerals?
11. Will the politically driven gradual shutdown of E&P in the UK North Sea proceed at pace or will the UK Government change course and see benefits for energy diversity and resilience in a world with new security challenges?
12. Are new oil & gas provinces such as deepwater Suriname and Namibia going to have to slow down their developments? Will there still be money to go exploring?
13. Will the Chinese manufacturing juggernaut slow down, leading to unemployment and lower energy needs? Will Chinese EVs find new growth markets? Will Japanese and South Korean EV brands eat into Chinese market share?
14. If the Russia-Ukraine conflict ends, does this mean heavily discounted Russian crude is no longer available to feed the giant economies of India and China?
15. With the US stepping back from emissions and climate commitments, will the rest of the world keep its focus on emissions reduction at COP 30 in Belem, Brazil? Or will countries diverge, and targets slip away?
16. Will carbon intensity of electricity consumption go down significantly? Will the brakes be put on recently approved giant CCS projects that are heavily dependent on government subsidies and high CO2 prices? Will the pace of new CCS projects increase or decrease?
17. In a low investment environment, will finance for new oil & gas developments dry up in a world that has over-supply, uncertain demand and many economies experiencing weak growth or no growth?
18. Will the fast approaching 2026 review of the USMCA agreement (previously NAFTA) consider the preferential treatment given by Mexico to their state owned energy companies, and the State regulation of product prices, especially gasoline? Will there be some tough renegotiation on access to the upstream, midstream, and downstream in Mexico?
19. Will Iran and the USA reach an agreement on nuclear weapons? A positive outcome could see US sanctions lifted on trading oil cargoes, companies & vessels, for example in China, India, and UAE; will this impact world oil prices? And open new investment opportunities?
20. Will a tit-for-tat trade war and tariff drama, with its negative implications for hydrocarbons and supply chain materials, create a new urgency to invest in energy independence via wind, solar, tidal, geothermal, hydro and storage? Will some countries go faster on an energy transition? And some slower? Will influential shareholders step in and insist that banks and finance houses increase their green investment ratios?

I look forward to sharing my views on these questions in future editions of Energy Unwrapped! Do please send me other questions worth asking as we try to unravel what the upheaval in the global economy, global financial systems & geopolitics means and also unwrap what has become an immense unpredictability in the world of energy. The big picture is clearly being redrawn following national elections last year in which over half the global population of voting age had a chance to vote. This included over 70 countries. Elections have consequences and a new world order is forming. Who will work together, and who will work against who, in this new world? That question does not have a yes/no answer!

About the author:

Chris writes an occasional series of topical articles on energy for ANZMEX. Between 2019 and 2024 he authored a series of 50 widely read ANZMEX ‘Energy Matters’ op-eds that tackled big energy issues using real-life personal experiences, and extensive research. Chris runs an award-winning advisory service, Reconnoitre Energies, offering insights to inform, shape a decision, policy & regulation, and guide the next steps for energy ventures; he is also a non-resident fellow at the Institute of Americas. Chris has worked in over 40 countries and published extensively over five decades.

Chris has an energy career of over 40 years, living in Mexico (2001-2018), Russia, Vietnam, Mongolia, China & UK. His contributions to the energy and education sectors have been recognised by the UK Government with both an MBE and CBE, and also the Aztec Eagle from the Mexican Government – the first foreigner in the energy sector to achieve this award. Chris’ articles for ANZMEX reflect his experience and enthusiasm and are often also later published to a global audience in the USA, UK and Singapore. They are not paid for in any way.

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