For the second quarter, Diversified reported net gas production of about 839 MMcf/d across its Appalachia and Central US assets. As gas demand grows, the company should have opportunities to grow its production base as more traditional E&Ps offload existing, declining wells and chase production growth with new activity.

"Where we'll see growth is that a lot of these large-scale drillers and completion companies will — they're going to be reallocating resources," Hutson said. "We'll be able to acquire production from other companies that are looking to high-grade their inventory and develop it for the data center usage that's going to be in demand."

Across the US Lower 48, total gas demand is expected to grow by more than 5 Bcf/d, or nearly 5%, year over year in 2025, according to S&P Global Commodity Insights' North American gas analysts.

"What people fail to realize, you can't drill your way to prosperity through all this demand that's coming [from] LNG, data centers, additional power needed across the country," Hutson said. "You've got to maintain the production that you have. You can't let it fall off and not be part of the solution, so that's where we come in."

— Jeremy Beaman

Gas market traders, buyers warn of risks from data center demand growth

- Higher pipeline tariffs could increase segmentation
- Utilities, small customers fret over supply reliability

A surge in US natural gas demand to power new data centers could raise gas transmission costs and jeopardize supply reliability for market participants across the board, experts speaking from the 21st annual Rockies & West LDC Forum in Denver said Aug. 11-13.

Although projections vary widely, most gas market observers agree that the data centers will increase demand for gas-fired power, both on-grid and behind the meter.

According to Commodity Insights' July 2025 North American Natural Gas Short-Term Outlook, on-grid power demand from new data centers and other large industrial loads will grow by over 280 TWh by 2030 with gas likely to capture a sizeable portion of that total.

For the gas market, growth in behind-the-meter generation could be the most disruptive.

In a landmark decision that sent data center developers scrambling, the Federal Energy Regulatory Commission last fall ruled against an amended interconnection service agreement that would have allowed Susquehanna Nuclear to increase electricity supplied directly to an Amazon data center. The ruling was a major setback for data center developers since it rejected the notion that certain electric customers could skip the interconnection queue by collocating their facilities adjacent to power generation assets.

In the months since, data center developers have been increasingly pursuing behind-the-meter power generation solutions. In a recent example of the trend, a subsidiary of natural gas distributor Atmos Energy agreed to supply some 30 Bcf of gas annually directly to an undisclosed data center customer in Abilene, Texas, for on-site power generation.

Fast-tracking startup

For data center developers looking to start or ramp-up operations quickly, some have turned to companies offering virtual gas pipeline and on-site power generation solutions.

"We are literally called multiple times a week from data centers... that are purely begging for gas supply," Scott Johns, chief commercial officer of Sapphire Gas Solutions, said Aug. 12 from Denver. Sapphire Gas offers both trucked natural gas supply and on-site power generation, which has traditionally served mostly commercial and industrial customers.

According to Johns, many hyperscalers looking to bring in gas directly from the LDC are surprised to discover that pipeline interconnections often involve lengthy wait times.

For those already operating with utility-supplied power, many are asked by their clients to expand operations, often requiring creative solutions, like those offered by Sapphire Gas.

"The data center market alone is going to be the largest consumer of power, unlike we've ever seen," Johns said. According to his projections, data centers alone will likely account for over 10% of total US electric demand by the end of 2030 – up from about 5% currently.

In Texas, large data centers will have little choice but to supply their own power.

Following passage of Texas Senate Bill 6, the Electric Reliability Council of Texas now has the authority to remotely curtail power to large electric customers, namely those consuming 75 MW or more, during grid emergencies. For data center developers looking to offer upwards of 99% uptime reliability, on-site power generation is a must-have.

Gas market impacts

With many data center developers now planning for on-site power generation, much of it to be supplied by pipeline gas, the potential impacts on the gas market are massive.

Possibly the most pervasive impact could be from higher pipeline tariffs. Since most data center developers will opt for firm transportation contracts, they could easily bid up the cost of shipping gas – even on pipeline routes that currently run below capacity.

"If you think about a data center, they're guaranteed 99.99% availability to their customers," Jay Bhatty, CEO and founder of NaturalGasHub.com said Aug. 12.

"The pipeline tariffs have to change in order to accommodate this new class of customer that is really the 800-pound gorilla," he said. According to Bhatty, the change in tariffs could make it prohibitively costly to ship gas over long distances on a single pipeline – especially those that pass nearby to premium data center customers. Accordingly, he sees segmentation becoming

more commonplace, increasing demand for intrastate and short-haul pipelines.

The increased pipeline traffic from data centers could also prompt operators to petition FERC for additional surcharges and incremental rates to support expansions or additional compression. Bhatty also sees the number of pipeline rate schedules increasing, and pipe loss charges rising as many pipelines are prompted to add more compression or looping.

Other conference attendees expressed concern over the potential impact of data centers on supply reliability for other gas users, such as utilities and LDCs.

"Running our six refineries, we don't always have firm transport for every dekatherm that crosses and I'm worried about data centers just sneaking in with big funding and taking over existing pipes," Alan King, Vice President PBF Energy said on a gas buyers panel Aug. 13.

"We're watching that as a threat and I think we should all, as buyers, be contemplating what that means so we don't be complacent. We've got some fast movers that like to break things coming into our world." he said.

— J Robinson

US LNG developers seek to start early work on Commonwealth, Port Arthur projects

- Developers seek FERC approval for early site work
- Projects targeted for FIDs in 2025

US LNG developers Sempra and Commonwealth are both seeking permission from US energy regulators to start early construction work on their proposed export projects ahead of targeted final investment decisions this year.

Sempra on Aug. 14 asked the US Federal Energy Regulatory Commission for approval to start site preparation work for a proposed expansion that would double the size of its nameplate 13 million mt/year Port Arthur LNG project under construction in Texas (CP20-55).

The company, which did not immediately respond to a request for comment Aug. 14, said earlier in month that it was working to secure the remaining commercial support it needs to reach an FID on the phase 2 project by the end of 2025.

Commonwealth, which also expects to reach FID this year on its proposed export project in Louisiana, submitted a similar request to FERC Aug. 13. The developer is seeking approval by Sept. 19 to start initial site work on the project, which would be able to produce up to 9.5 million mt/year (CP19-502).

"This filing supports FID and marks the start of initial site construction activities for the Commonwealth LNG facility once FERC approval is received," a Commonwealth spokesperson said Aug. 14.

Both developers have announced commercial progress supporting their projects in recent months and were beneficiaries of a move by Japan's JERA to increase the share of US LNG in its portfolio, with a series of long-term deals announced in June.

JERA signed a 20-year sale and purchase agreement for 1 million mt/year for the Commonwealth project. The buyer finalized another 20-year SPA in late July for 1.5 million mt/year from Port Arthur.

Including the JERA deal, Commonwealth has announced binding long-term agreements tied to the project covering about 4 million mt/year of production and is working to secure the remaining long-term deals. Other offtakers include Malaysia's Petronas and Commodities trading giant Glencore.

Commonwealth LNG owner Kimmeridge also recently completed a deal with the UAE's Mubadala Energy for an equity in the LNG project and Kimmeridge's upstream gas business.

Beyond Sempra's deal with JERA, the Port Arthur developer has a preliminary LNG offtake and equity deal with Saudi Aramco signed in 2024 that contemplates a 20-year SPA for 5 million mt/year tied to the project. The talks also involve Aramco acquiring a 25% equity stake in the project.

It also has another preliminary deal for 200,000 mt/year of supply from the project with British chemicals giant Ineos, signed in December 2022.

Three US projects have reached FID so far in 2025: Woodside's 16.5 million mt/year Louisiana LNG project, a roughly 5 million mt/year expansion of Cheniere's Corpus Christi LNG project and, just last week, the first 14.4 million mt/year phase of Venture Global's CP2 LNG export project in Louisiana.

The next wave of US LNG buildout is taking shape as global LNG spot prices remain relatively high.

Platts, part of S&P Global Commodity Insights, assessed the Gulf Coast Marker for US FOB cargoes loading 30-60 days forward at $9.80/MMBtu Aug. 14, down 18 cents from the prior assessment.

— Corey Paul

US oil, gas rig count rises 14 to 576 in first major uptick since April

- Permian adds 7 rigs while frac crews hit 2021 lows
- Analysts warn $50 oil could cut output 1 million b/d

The US oil and natural gas rig count was up 14 to 576 during the week ended Aug. 6, according to S&P Global Commodity Insights data, undergoing a near-term turnaround amid a broader downward trend in producer activity.

Rig counts have steadily declined since the week ended April 23, when active rigs counted were at this year's peak of 629. Rigs have declined 8% since then, a loss of 53 rigs. Year to date, rigs have declined by 72.

US oil-focused fields moved up 12 to 456 during the week, according to an Aug. 14 analysis by Platts, part of S&P Global Commodity Insights. Gas-weighted fields were up six to 115 rigs, the data shows.

Weekly rig data provides a snapshot of producer activity, but the broader picture shows US rig counts falling to an average of 582 rigs in July from an average of 590 rigs in June, according to an Aug. 2025 short-term crude outlook report by S&P Global.