

Oil and Gas News Briefs

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Market unsure how to count all the sanctioned oil at sea

(Wall Street Journal; Dec. 10) - The oil market is grappling with whether sanctioned Russian and Iranian cargoes should still be counted as supply. This may explain why oil prices have been slow to react to a huge glut that is building on the ocean. There are 1.4 billion barrels of oil “on the water.” That is 24% higher than average for this time of year between 2016-2024, according to oil-analytics firm Vortexa. The data measures cargoes on their way to be unloaded at a port, or cargoes that haven’t found a buyer.

The rise of oil on water comes from multiple sources. There has been a 16% year-over-year jump in barrels from mainstream producers, Vortexa data shows. OPEC+ has been pumping more oil as it unwinds production cuts, and supply is also increasing from non-OPEC exporters like Brazil, Guyana and the U.S. But there has also been a surge from sanctioned producers Russia, Iran and Venezuela. The number of so-called “dark” barrels on the ocean has jumped 82% in a year, with a rapid rise the past three months.

Geopolitics is driving the trend. India and China are usually top customers for Russian oil but have been wary of making purchases since the U.S. sanctioned producers Lukoil and Rosneft in October. The U.S. also sanctioned a Chinese oil terminal that had been accepting shipments of Iranian crude. The restrictions haven’t stopped Iran or Russia from pumping oil. But it’s becoming harder to find buyers, so vessels are getting trapped at sea. The barrels are a dilemma for the market. They are too big a share of global flows to ignore — 15% of the world’s supply is now under sanctions, according to Kpler.

But with the usual buyers on strike, there is an argument that these sanctioned barrels can be discounted from estimates of available oil supply. Uncertainty about what will happen next may explain why benchmark Brent has held relatively steady between \$61 and \$66 a barrel over the past two months, despite the swelling inventory at sea.

Commodities trader warns oil market headed toward ‘super glut’

(Bloomberg; Dec. 9) - The oil market is headed for a “super glut” next year as a wave of new supplies may run up against sluggish demand, according to global commodities trader Trafigura. “Whether it’s a glut or a super glut, it’s kind of hard to get away from that,” Saad Rahim, Trafigura’s chief economist, said Dec. 9 in a video published alongside the company’s annual results.

Data from the International Energy Agency point to a record surplus of more than 4 million barrels a day next year — about 4% of global consumption. And while in practice it will likely turn out to be smaller than that, analysts and traders are nevertheless still anticipating a hefty oversupply. Rahim pointed to several supply-side issues behind the warning: Major new oil projects that were planned years ago are coming onstream just as demand growth, notably in China, slows.

Sustained strong buying from importers — particularly China — as well as adjusted supply plans from the U.S. and OPEC+ nations could postpone or mitigate the supply glut, he said. A mismatch between surging supply and softening demand has already pressured prices. Brent crude has dropped 16% this year, putting it on course for the worst year since the pandemic.

Russian oil selling at steep discount as tankers stack up at sea

(Bloomberg; Dec. 9) - Russia is loading its oil onto tankers at an unprecedented pace — but those shipments are stacking up at sea, weighing on prices and undermining Moscow's ability to finance its war in Ukraine. While the country's crude exports rose strongly for a second week, offloading the cargoes is proving a major challenge. That, combined with longer voyages as ships divert to China from India, has driven a 28% jump in Russian supplies at sea since the end of August.

The resulting 2½-year high for the glut of Russian oil on water is one of several factors depressing prices and curbing the revenues that the Kremlin needs to refill its war chest. The build-up comes as seaborne flows continue to rise. Moscow shipped an average of 3.68 million barrels a day in the four weeks to Dec. 7, according to vessel-tracking data compiled by Bloomberg. That's up by about 220,000 from the period to Nov. 30 and follows a similar increase the previous week.

But the surge in flows was largely offset by the 10th straight drop in crude prices, to leave the four-week average value of Moscow's seaborne exports up by just 1%. Using that measure, Urals crude shipped from the Black Sea and the Pacific ESPO grade were trading at the lowest prices since the war began, according to data from Argus Media. The Urals discount to North Sea Dated crude has widened to \$25.80 a barrel, more than twice what it was immediately before the latest U.S. sanctions.

U.S. sanctions on Russian oil companies could reshape global sector

(Reuters commentary; Dec. 10) - U.S. sanctions against Russian oil majors Lukoil and Rosneft could trigger a structural reshaping of the global oil sector over the next year, reversing Moscow's decades-long efforts to expand its international clout through energy investment. When President Donald Trump in October slapped sanctions on

Rosneft and Lukoil, which together account directly or indirectly for around two-thirds of Russia's oil exports, the U.S. struck at the core of the Kremlin's revenue base.

Russia's oil and gas revenues, representing around a quarter of federal income, are estimated to have fallen in November by roughly one-third year-on-year. Earnings for Russia, the world's No. 2 oil exporter, are now at their lowest level since international sanctions were imposed after Moscow's invasion of Ukraine in 2022. Earlier Western sanctions had only a partial effect because they targeted logistics and financing rather than directly taking aim at the corporate heart of Russia's oil sector. Washington has raised the stakes by showing that Russia's top oil companies are not too big to sanction.

The forced sale of Lukoil's and Rosneft's assets across Europe, the Middle East, Africa and Latin America could reshuffle ownership of large fields and refineries and reroute global supply chains. The permanent loss of Russian corporate presence in key hubs would alter long-term investment patterns and trading relationships. The new sanctions could also reshape refined product markets where Lukoil and Rosneft play a major role. But gaps remain. Enforcing these refined product restrictions will be challenging.

We appear to be at a turning point. For years, Russia used its energy companies to expand its political and economic reach into Europe, the Middle East and beyond. A decisive shift in the balance of power in global energy could now be underway.

Asia is sticking with coal to help meet rising demand for power

(Bloomberg; Dec. 10) - Coal's future in Asia is looking brighter, as the top-consuming region's efforts to shift to cleaner energy suffer a series of setbacks. Indonesia has cancelled a flagship project that was the poster child for shuttering coal plants early. India is considering expanding its coal fleet until mid-century instead of through 2035. And China's on track for another year of record mine output, bolstered by demand from the chemicals sector, despite a steady roll-out of renewables.

Concerns over energy security and costs are trumping the climate agenda in Asia's high-growth, high-polluting economies. Power demand is soaring for everything from air conditioning to AI data centers, and governments keen to avoid outages are waving through coal plant approvals. "It comes down to supply security and cost," said Jom Madan, an analyst at Wood Mackenzie. "Even with record wind and solar buildouts, new additions are still not keeping pace with the massive increase in demand," he said.

China, which mines and burns more than half the world's coal, has given additional support to the fuel it calls its "ballast stone" since a series of power shortages in 2021 and 2022. Since then, gas production, imports and consumption have all soared to record levels. The country is expected to add 80 gigawatts of new coal capacity in 2025, the highest level in a decade, with similar amounts expected to come online in 2026 and 2027, according to the Centre for Research on Energy and Clean Air.

India's total coal-fired capacity could rise 87% to reach 420 gigawatts by 2047, according to people familiar with the matter. In Indonesia, the world's largest thermal coal exporter, coal power capacity more than doubled in the decade to 2024. Asia's fleet of 2,000 coal plants is also decades younger than that of Europe and the U.S., and retiring it early requires financial support to end power-purchase agreements.

EU proposal would scale back some environmental requirements

(Reuters; Dec. 8) - The European Commission has drafted proposals to cut back more European Union environment laws, targeting requirements for industries to report on their pollution and waste, a draft EU document seen by Reuters showed. The draft proposal, due to be published on Dec. 10, is the latest part of the EU's effort to reduce bureaucracy for businesses and cut regulations that industries say hurt their profitability.

Europe's environmental regulations are among the world's strictest, covering such things as carbon dioxide emissions, water quality and bans on harmful chemicals. The commission, the EU executive body, will propose ending an EU requirement for individual industrial facilities and livestock farms to have an environmental management system (EMS) detailing their actions to reduce pollution and waste, the draft said.

A company will be allowed to do a slimmed-down EMS covering all its sites. This will scrap some existing requirements — for example, to disclose the use of hazardous chemicals at facilities. The proposal would also scrap a requirement for industrial facilities to have a transformation plan to align with climate goals, and livestock and fish farms would no longer have to report their water and energy use. Other parts of the draft would simplify environmental assessments for industrial and energy projects.

U.S. seizes oil tanker near Venezuela

(Washington Post; Dec. 10) - U.S. forces seized an oil tanker near the Venezuelan coastline Dec. 10, President Donald Trump said, a significant escalation in the U.S. pressure campaign against President Nicolás Maduro and his country's oil-dependent economy. Attorney General Pam Bondi said the U.S. Coast Guard, the FBI and Homeland Security Investigations executed a seizure warrant for a crude oil tanker used to transport oil from Venezuela and Iran in defiance of sanctions.

The oil tanker had been sanctioned by the United States "due to its involvement in an illicit oil shipping network supporting foreign terrorist organizations," Bondi wrote on X. She also shared a video that shows U.S. forces jumping out of helicopters and searching the large vessel on foot. The ship is named Skipper, according to a U.S. official who spoke on the condition of anonymity under rules set by the White House. It was sanctioned in 2022 under an earlier name, the Panamanian-flagged Adisa.

One person familiar with the seizure said the tanker appeared to be carrying Venezuelan oil to Cuba. The claim could not be immediately corroborated. The legal authority under which the vessel and its contents were seized was not specified by the administration. Several administrations, including Trump's, have sanctioned tankers alleged to be carrying illegal oil exports from countries under sanctions.

Analysts expect lull in North American LNG project FIDs

(BNAmericas; Dec. 10) - There is likely to be a halt in new liquefied natural gas projects across North America once an ongoing flurry of final investment decisions is completed, says research and consulting firm Poten & Partners. The firm expects developers to greenlight five new LNG export terminals, including Amigo LNG in the Mexican state of Sonora, which will collectively represent 38 million tonnes a year of additional capacity. "Those projects are pretty much where they need to be to get to FID relatively soon," Jason Feer, head of business intelligence at Poten, said during a webinar on Dec. 10.

"After that, there are very few North American projects that have sold much volume and that have permits. There's almost no one who's ready to go to FID anytime soon," Feer said. "We've had this huge surge of projects. You can see a few more going to FID, maybe over the next six to 12 months. After that, I think we'll have a bit of a lull." The additional LNG capacity provided by the five projects will add to the 222 million tonnes per year that Poten estimates is already under construction worldwide. Existing global LNG supply is about 420 million tonnes per year, according to the firm.

High U.S. gas prices are reducing margins for companies selling U.S.-sourced LNG to Asia and Europe, Poten analysts said. The proposed LNG export terminals in Mexico aim to supply U.S.-sourced gas mainly to Asian markets, where demand is rising. Energía Costa Azul, the first of a series of LNG projects on Mexico's Pacific coast, is scheduled to begin commercial loadings in spring 2026, at 3.25 million tonnes per year.

Developer plans FID on Louisiana LNG project early next year

(Reuters; Dec. 10) - U.S. pipeline operator Energy Transfer has secured enough agreements to sell liquefied natural gas to make a final investment decision on its Lake Charles LNG project early next year, an executive said Dec. 10 at the Reuters Energy Live conference in Houston. Energy Transfer has been developing the LNG export facility in Louisiana, with capacity of 16.5 million tonnes per year. It said last month that it wanted to sell 80% of the project to equity partners.

Marketing has been the most uncertain part of the project, but the work is complete and Energy Transfer has secured enough volume to make the final investment decision early next year, said Amy Chen Davis, vice president of Lake Charles LNG. Davis said

she was not hugely concerned about the possibility of a long-term supply glut in LNG because lower prices often lead to higher demand. "We can't underestimate the power of demand catching up to supply," she said.

Cool-down cargo arrives at LNG plant in Texas as startup is close

(KFDM TV; Beaumont, Texas; Dec. 9) - A cool-down cargo of liquefied natural gas from Qatar has berthed at the Golden Pass export terminal in Sabine Pass, Texas, signaling a major step toward first LNG production, according to Golden Pass LNG. The cargo is part of the next phase of commissioning and startup activities at the \$10 billion project, representing major progress toward production. The cargo will be used to pre-cool the LNG storage tanks and associated equipment prior to commencement of production.

Golden Pass LNG, owned by QatarEnergy (75%) and ExxonMobil (25%), expects to begin exporting LNG from Train 1 early in the new year. Golden Pass said it will operate one of North America's largest LNG export terminals, which will include three liquefaction trains with a total capacity of 18.1 million tonnes per year, five storage tanks and two marine berths for LNG carrier loading.

Japanese power generator signs 10-year deal to sell LNG to India

(Reuters; Dec. 8) - Japan's top power generator JERA has signed its first long-term liquefied natural gas export deal with India's Torrent Power to deliver four LNG cargoes annually for 10 years from 2027, the Japanese company said on Dec. 8. Torrent Power will use the LNG for its 2,730-megawatt capacity of power plants in India. It will also use the LNG for sale to households, small industries and the transport sector, JERA said.

"The partnership strategically leverages the complementary seasonal demand patterns of Japan and India," it said in a statement. JERA will use its global fleet during Japan's lower demand months to supply gas to Torrent during India's high-demand summer months. Looking ahead, JERA will continue to build a robust LNG portfolio across the Mideast, Asia and the U.S., to develop resilience against market volatility, the company said. JERA is a joint venture between Tokyo Electric Power and Chubu Electric Power.

Mozambique president urges Total to restart work on LNG project

(Bloomberg; Dec. 9) - Mozambican President Daniel Chapo urged TotalEnergies to resume its \$20 billion LNG project despite an ongoing audit of the company's additional cost claims, increasing pressure on the French major to restart one of Africa's biggest energy developments. "The project's progress doesn't depend on the audit," Chapo said

in an interview with Bloomberg News in Porto, northern Portugal, on Dec. 8. “We have already authorized TotalEnergies to resume. When they begin is up to Total.”

The president’s comments come after TotalEnergies requested that the southeast African nation approve a \$4.5 billion increase in charges to the project that’s been delayed since 2021 because of security concerns. Total CEO Patrick Pouyanné told Chapo in an Oct. 24 letter that approving the revised cost was a necessary “final step before fully relaunching the project.” The venture is seen as a potential economic turning point, capable of generating billions of dollars in LNG export revenue in one of the world’s poorest countries.

Chapo said the government’s review of Total’s higher costs will take time, but shouldn’t stand in the way of the restart of the project. Work has been on hold since Islamic State-linked militants attacked a town near the development site. “It’s very difficult to say when the audit will end,” said the president. The work involves verifying extra costs that relate to equipment and work outside Mozambique, which takes time, he said. Despite the delays, TotalEnergies is moving ahead with the paperwork needed to restart operations — including reinstating licenses and contracts that need to be renewed — Chapo said.

Pakistan will resell surplus LNG to avoid taking further financial loss

(Bloom Pakistan; Dec. 7) - Pakistan will sell excess liquefied natural gas in international markets starting Jan. 1, Petroleum Minister Ali Pervaiz Malik announced on Dec. 7. The decision comes as the country faces a growing gas surplus that has added pressure on the energy sector and public finances. Speaking at a press conference in Lahore, the minister said reduced gas use in power generation created an oversupply.

According to Malik, Pakistan has been importing LNG from Qatar and Italian energy firm Eni. However, demand has dropped sharply in recent months. Consequently, excess LNG entered the domestic system and increased debt in the gas sector. Moreover, it caused estimated losses of nearly \$3.5 billion since 2018-19. The government has decided to sell surplus cargoes abroad. Malik said the new policy would ease financial pressure and limit further losses.

Additionally, it will allow state-owned gas companies to operate at full capacity. That could help them return to profitability. Last month, Pakistan canceled 21 LNG cargoes under its long-term deal with Eni. This step is aimed at managing oversupply in the national gas network. At the same time, talks with Qatar are ongoing. Options include deferring future cargoes or reselling shipments under existing contract clauses. Officials believe the measures will stabilize the gas market while protecting supply relationships.

Greece positions itself as LNG hub for eastern Europe

(Bloomberg; Dec. 8) - Aktor Group's joint-venture with Greece's state gas supplier Depa Commercial is looking to secure additional U.S. liquefied natural gas supplies. Following a deal in November with U.S. producer Venture Global to import the fuel to Greece for pipeline delivery to countries including Ukraine and Romania, Atlantic See LNG Trade is seeking further suppliers, Alexandros Exarchou, CEO of Aktor, said in an interview.

The deal with Venture Global spans 2030-2050, but sales to Ukraine and Romania are set to begin in 2026. "We will need more quantities than the ones Venture Global can guarantee, but also for the duration 2026 to 2030 we need to have at least two maybe three suppliers," said Exarchou, who is also CEO of Atlantic See LNG Trade. The search for new deals comes as Greece seeks to become a gas transit hub for the region and Europe works toward a complete ban on Russian gas supplies.

The deal that Depa signed last month to supply Ukraine's Naftogaz with U.S. LNG from December through March "will be facilitated though Atlantic See," Exarchou said. Greece will require a second floating storage and regasification unit before 2030 to create a corridor for expanded LNG transit to countries including Romania, Ukraine and Moldova, the CEO said. That was also critical for Greek national interests, he added.

Morocco plans to boost LNG imports and gas use for power

(Bloomberg; Dec. 9) - Morocco is getting closer to creating an almost \$1 billion liquefied natural gas hub at a new deep-sea port on its Mediterranean coast, as it plans to boost imports to curb the use of dirtier fuels. The nation this week issued a tender for a company to supply a floating storage and regasification unit that will be moored at the Nador West Med port that's due to start operating next year. It's also looking to pick firms to build, finance and operate new pipelines connecting the port to industrial areas.

Morocco aims to become a player in LNG imports, while also boosting gas use, with the government planning to spend \$3.5 billion to boost domestic gas consumption from 42 billion cubic feet a year to 420 billion cubic feet by 2030. The new projects will help counter the loss of Algerian gas supplies in 2021 following a diplomatic dispute, while gas is an important bridge fuel for manufacturing industries that export goods to Europe.

The Ministry of Energy Transition and Sustainable Development estimated the FSRU would cost about \$273 million, while the pipelines would require investments of \$681 million. The pipelines will be connected to the Maghreb-Europe link, through which Morocco imports gas from Europe. The country's plans involve spending \$1.5 billion on infrastructure to import LNG to replace dirtier feedstocks such as fuel oil and coal in the industrial sector, and investing \$2 billion to build gas-fired plants to triple the amount of power generated by gas. Morocco plans to decarbonize its economy by 2050.

Total solicits new bids for Papua New Guinea LNG project

(Argus market intelligence; Dec. 9) - New engineering, procurement and construction (EPC) contract offers have been received for the proposed 5.6-million-tonne-per-year Papua LNG project in Papua New Guinea (PNG), operator TotalEnergies said, following extensive design revisions for the delayed development. The firm is concluding the rebid phase after receiving new offers at reasonable costs, managing director of TotalEnergies PNG Arnaud Berthet told the PNG Resources and Energy Investment Conference in Sydney on Dec. 10.

TotalEnergies relaunched EPC tendering late last year after previous estimates were considered too high for the project to proceed. The company expanded the contractor pool to include Chinese firms and reduced the gas pipeline diameter to 30 inches from 40 inches. This change increased the number of vessels able to lay the underwater pipe, Berthet said, increasing competition, while it also routed the condensate pipeline west to a new floating storage and offloading vessel, reducing pipeline length.

A final investment decision remains planned for January-March next year, in line with previous guidance. LNG sales and purchase agreements are under negotiation, and seven export credit agencies along with more than 30 commercial banks are interested in financing the project, Berthet said.

Russian LNG plant on Baltic delivers its first cargo to China

(Bloomberg; Dec. 7) - A Russian liquefied natural gas export facility delivered its first shipment to China since being sanctioned by the U.S. in January, the latest sign of increased energy cooperation between Beijing and Moscow. The LNG carrier Valera, which loaded a shipment from Gazprom's Portovaya facility on the Baltic Sea in October, arrived at the Beihai import terminal in southern China on Dec. 8, ship data compiled by Bloomberg shows. Both Valera and Portovaya were sanctioned by then-President Joe Biden's administration to thwart Russia's plans to boost LNG exports.

China, which doesn't recognize the unilateral sanctions, has increasingly bought blacklisted Russian gas over the past few months, ratcheting up energy ties between the two countries. Beijing has also ignored a broader push by President Donald Trump to halt sales of Russian oil, as has India, which will likely be a key part of trade negotiations between Washington and New Delhi this week.

Russia has two small LNG export facilities on the Baltic, with the Novatek-led Vysotsk plant also blacklisted by the U.S. Another sanctioned Russian plant, Arctic LNG 2, in Siberia, started delivering fuel to China in late August. Total Russian LNG shipments to China, including from unsanctioned plants, rose 14% September through November from the same period a year earlier, ship data shows. The Valera would be the 19th shipment of LNG into China from a blacklisted Russian plant since August, data shows.

Russian LNG tanker fails to break through sea ice

(The Barents Observer; Norway; Dec. 9) – A Russian liquefied natural gas carrier which has shuttled between the far northern Utena terminal in the Gulf of Ob and Chinese ports multiple times this year has failed to break through the thick ice layers on the Ob Bay. Reportedly, the 961-foot-long Buran made four attempts to make it to the terminal Dec. 2-7, and apparently all were unsuccessful. Ship traffic data from Dec. 9 show that the tanker remains in the adjacent waters of the Kara Sea.

After an exceptionally warm October, the Arctic weather quickly changed. By early December, the waters in the Gulf of Ob had frozen to an extent that was not expected by shippers. The solid ice came earlier and was more powerful than in previous years, a shipping news site reports. The Buran is one of four carriers in a shadow fleet used by Russian gas producer and LNG exporter Novatek to transport liquefied natural gas from the Arctic LNG 2 project to China.

During the summer and fall of 2025, the Buran, Iris, Voskhod and Zarya loaded at least 12 cargoes at Utena; most traveled the Northern Sea Route to China (the tankers are under international sanctions). The four are Arc4 ice class — insufficient for sailing in thick ice. Russia is in dire need for tankers with a higher ice class. Fifteen specialized Arc7 icebreaking LNG carriers serve the Yamal LNG project, but Novatek has not managed to build a similar fleet for Arctic LNG 2 due to sanctions. Almost the entire Russian fleet of nuclear-powered icebreakers are in and around the Gulf of Ob to assist.

Qatar hopeful EU will amend sustainability laws

(Reuters; Dec. 8) - Qatar's Energy Minister Saad al-Kaabi said on Dec. 6 that he was hopeful the European Union would resolve companies' concerns over its sustainability laws by the end of December. Qatar has aired its frustration with the EU's Corporate Sustainability Due Diligence Directive and has threatened to halt gas supplies. The dispute centers around the directive's potential to fine violators up to 5% of their total global revenue for failing to meet emissions targets and other benchmarks. The minister has repeatedly said Qatar would not reach net-zero emissions targets.

EU wants to speed up approval of energy grid projects

(Reuters; Dec. 10) - The European Union is set to accelerate approvals for energy grid projects and develop EU-wide plans for cross-border electricity infrastructure to curb high energy prices that industries have warned make Europe uncompetitive. Industrial energy prices in Europe are more than double those in the United States and China, which energy-intensive manufacturers say deters investment in Europe.

The proposals published by the European Commission on Dec. 10 lay out plans to cut deadlines on permits for grid projects to two years to speed modernization of power networks. Currently, it can take as long as 10 years to receive permits. If authorities fail to respond within the new deadline, permits would be approved automatically. Hitachi Energy, a Swiss-based supplier of power technology including grid components, welcomed the proposals but said faster action was needed to address long project wait times and provide confidence in stable, reliable power to energy-intensive industries.

"Europe has a chance, but it needs to act fast ... because once those industries have positioned themselves in other regions, then it's too late," Hitachi's chief technology officer Gerhard Salge told Reuters. The plans to develop cross-border electricity infrastructure would allow the EU to trigger a process to request project proposals if none exist. A severe blackout in Iberia this year highlighted a lack of interconnectors between countries to allow power to flow to areas of greatest need.