# Oil and Gas News Briefs
# Compiled by Larry Persily
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## China positioned as most important factor for oil prices in 2026

(Reuters commentary; Dec. 23) - Conventional wisdom in the crude oil market is that producers such as OPEC+ largely determine the price by altering output levels to achieve a desired outcome. That belief was challenged in 2025 by China, which used its status as the world's biggest oil importer to provide an effective price floor and also a ceiling by either increasing or decreasing the volume of crude it sent to storage tanks.

Production cuts in 2022 by OPEC+, which groups OPEC and allies led by Russia, did shore up prices. But those gains faded once it began reversing the cuts in April this year. Now, facing a looming oil glut, OPEC+ has decided to sit tight and hold production levels steady in the first quarter of next year. That leaves China to mop up the excess. What China does in 2026 is the biggest known unknown in crude markets.

What was clear in 2025 is that China was buying more crude than it needed for domestic consumption and exports of refined products. For the first 11 months of 2025, the surplus crude amounted to about 980,000 barrels per day. It could be argued that China's storage flows are the main reason that crude prices were locked in a fairly narrow range in the second half of 2025, with Brent anchored either side of $65 a barrel.

The key question for 2026 is whether China will, and can, continue to buy excess crude when prices drop, effectively providing a floor. What is clear is that China is prepared to use inventory flows as a pricing mechanism. Given that China's seaborne crude imports of around 10 million barrels per day are about a quarter of the global seaborne total, it is possible that Beijing's policies are now the most important factor in oil markets.

## Permian wastewater disposal challenges and costs getting worse

(Wall Street Journal; Dec. 25) - Shale drillers have turned the biggest oil field in the U.S. into a pressure cooker that is literally bursting at the seams. Producers in the Permian Basin of West Texas and New Mexico extract roughly half of U.S. crude. They also produce copious amounts of toxic, salty water, which they pump back into the ground. Now, some of the reservoirs that collect the fluids are overflowing — and the producers keep injecting more. It is creating a huge mess.

A buildup in pressure across the region is propelling wastewater up ancient wellbores, birthing geysers that can cost millions of dollars to clean up. In addition, companies are wrestling with higher operating costs, and oil and gas producers are complaining that the marinade is creeping into their reservoirs. Communities friendly to oil and gas are

growing worried about injection. “It’s one of the many things that keep me up at night,” said Greg Perrin, general manager of the groundwater-conservation district in Reeves County, Texas, where companies inject some of the largest volumes of wastewater.

Swaths of the Permian appear to be on the verge of geological malfunction. Pressure in the injection reservoirs in a prime portion of the basin runs as high as 0.7 pound per square inch per foot, according to a Wall Street Journal analysis of data from researchers at the University of Texas at Austin’s Bureau of Economic Geology. When pressure exceeds 0.5 pound per square inch per foot, the liquid — if it finds an available pathway — can flow to the surface and pose a risk to underground sources of drinking water, Texas regulators have said in industry presentations.

The fracas is raising questions about how the Permian can sustain red-hot production without causing widespread environmental damage that could leave taxpayers on the hook — and complicate the region’s economic plans. The industry is working to clean up its act, but solutions to treat and ditch meaningful volumes of water from the oil fields remain years away. In the Delaware portion of the Permian, its most prolific region, drillers crank out between 5 and 6 barrels of water, on average, for every barrel of oil.

## Multiple factors point to possible crash in LNG market

(Reuters commentary; Dec. 26) - Solar, wind power and batteries are set to make life a misery for the liquefied natural gas market. Some fossil fuel executives already think the push by incumbents like ExxonMobil, Shell, and Woodside Energy to hike global LNG output by some 50% by 2030 is creating a bubble. But renewable energy’s advantages will make the pop even worse. On the surface, the LNG expansion might look rational. Europe’s share of LNG imports has doubled since Russia’s 2022 invasion of Ukraine, and the rise of artificial intelligence has created a boom in power-hungry data centers.

Meanwhile, President Donald Trump is trying to force purchases of more U.S. gas into trade deals. The industry argues LNG is the transition fuel to wean the world off coal — especially Asia, which already accounts for 65% of global LNG imports . TotalEnergies CEO Patrick Pouyanne, though, told the Gastech conference in Milan in September that the sector is “building too much.” Vivek Chandra, boss of Gulfstream LNG in Louisiana, summed up the otherwise upbeat mood at the confab as “irrational exuberance.”

That’s likely to be an understatement. Gas turbines have roughly tripled in price since 2021, per U.S. utility NextEra Energy. With battery costs falling — by 40% in 2024 — all-in renewable generation and storage in 2030 could be up to 56% cheaper than gas, estimates Wood Mackenzie. It’s already having an impact on China, which is rapidly expanding its wind, solar and hydroelectric generation. By October, Beijing’s LNG imports had fallen 11 months in a row year-on-year, per data provider Kpler.

Renewables have another factor in their favor: They're quicker to install with major projects taking around a year on average compared to five years for a gas-fired power plant. And that's assuming the equipment is readily available. The world's biggest gas-turbine makers have warned customers they face having to wait as long as eight years for delivery. Excess fuel supplies, a hardware backlog and a more competitive alternative bode ill for LNG market incumbents. A crash is looming.

## Japanese buyers hold contracts to triple U.S. LNG imports by 2030

(Nikkei Asia; Dec. 27) - By the end of this decade, Japanese energy companies are set to import liquefied natural gas from North America at nearly triple the current volume due to a series of contracts signed this year. Long-term contracts for North American LNG total about 14 million tonnes for 2030, according to an analysis by Tokyo-based Energy Economics and Society Research Institute, up from roughly 5 million in 2024. North America would account for more than 20% of all long-term LNG contracts in 2030.

The analysis examined contracts signed as of the first half of 2025 by 22 Japanese companies, including those in power generation. U.S. LNG in particular can be sold freely to any destination and easily resold to other countries during the spring and fall, when Japan's own demand declines. JERA, Japan's top power producer decided by June to procure a total of 5.5 million tonnes of U.S. LNG. Then, in October. JERA made its first foray into U.S. upstream gas assets, investing about $1.5 billion in a project in Louisiana. By investing upstream, JERA aims to mitigate price fluctuation risks.

Energy companies Inpex and Tokyo Gas also signed contracts to purchase U.S. LNG. But for Japanese energy companies that do not have many LNG storage tanks, "there is a high hurdle for signing contracts for U.S.-made LNG," said Takafumi Yanagisawa, senior researcher at the Institute of Energy Economics Japan. U.S. pipeline gas that feeds LNG plants has a low caloric (Btu) value, so it must be blended with gas from other regions to meet specifications for use in power generation and other applications.

## Japan will provide $1.34 billion for clean-power investments

(Reuters; Dec. 23) - Japan plans to provide 210 billion yen ($1.34 billion) to help companies that are using clean power to fund investments, in a push to boost demand for renewable energy and spur growth in regional areas, a government official said on Dec. 22. The subsidies are designed to help the country, the world's fifth-largest emitter of carbon dioxide, reach its clean energy targets and reduce its reliance on imported fossil fuels after facing setbacks on wind and solar projects.

The plan will provide funds over five years starting in fiscal 2026, said Juntaro Shimizu, director of the Green Transformation policy group at the Ministry of Economy, Trade and

Industry. Companies that rely entirely on decarbonized electricity and contribute to regions where the power is generated will be eligible for subsidies covering up to half of their capital costs, he said. Data center operators meeting the same criteria will also qualify. The government plans to begin soliciting applications next fiscal year.

Japan wants renewables to account for up to 50% of its electricity mix by fiscal 2040, with nuclear power supplying another 20%, up from 22.9% renewables and 8.5% nuclear in fiscal 2023. Progress toward the renewable energy goal has slowed as offshore wind projects, seen as crucial to achieving the target, have faced surging costs, while large-scale solar farms have stalled due to local opposition. The new support measures are part of a strategy integrating decarbonization and industrial policy.

## Cheniere continues with expansion at Corpus Christi LNG in Texas

(Offshore Energy; Dec. 26) - Cheniere Energy has reached a milestone with substantial completion of its expansion project's fourth production train at the Corpus Christi LNG terminal in Texas. Bechtel, the project's engineering, procurement and construction contractor, transferred custody and control of the train to Cheniere on Dec. 19. "Our seven-train, 10-million-plus-tonne (per year) project continues to track ahead of schedule and on budget, and we expect the remaining three trains to achieve substantial completion in 2026," Cheniere announced.

Completion of the fourth production unit follows on Trains 1, 2 and 3 at Corpus Christi in March, August and October 2025, respectively. Once all seven trains are complete, total LNG production capacity at Corpus Christi will surpass 25 million tonnes per year. In July 2025, Cheniere launched the pre-filing review process with the Federal Energy Regulatory Commission for a further expansion at the terminal. The initial three-train liquefaction and export terminal started up in 2018, reaching full capacity in 2021.

## Power of Siberia gas line to China reaches full capacity

(Reuters; Dec. 25) - Russian producer Gazprom supplied 1.37 trillion cubic feet of gas to China via the Power of Siberia pipeline this year, the company's CEO, Alexei Miller, said on Dec. 25, up by nearly a fifth from the previous year. The line, which stretches almost 1,400 miles from Russia into northern China, started operations in 2019, ramping up over the past six years to full capacity. The construction cost, while never officially disclosed, has been reported at more than $50 billion.

"By the end of 2025, we have not only reached our gas supply target for China of 38 billion cubic meters (1.37 tcf), but more importantly, we will supply China with almost 800 million cubic meters (28 billion cubic feet) more than our contractual obligations," Miller said at a meeting held to summarize Gazprom's preliminary results of the year.

## Russia pushes back LNG production target by several years

(Reuters; Dec. 25) - Russia has pushed back by "several years" a plan to reach an annual liquefied natural gas output target of 100 million tonnes, Deputy Prime Minister Alexander Novak told state TV on Dec. 25, citing the effect of Western sanctions on its energy industry. Russia's long-term plans to gain a fifth of the global LNG market by 2030-2035, from 8% currently, have been challenged by sanctions imposed over the conflict in Ukraine, including against the new Arctic LNG 2 plant.

"Our goal was to reach 100 million tonnes. It is clear that, due to sanctions-related restrictions, this will now be pushed back by several years," Novak told Rossiya-24 TV station. Russia's LNG production rose by 5.4% in 2024 to 34.7 million tonnes.

The European Union plans to ban Russian LNG imports from Jan. 1, 2027, and there is also fierce competition from the U.S., which is expanding LNG sales in Europe, and from Qatar, which dominates sales to Asia. Postponements in the completion of the Arctic LNG 2 project, which started scaled-back production in December 2023 but was only able to deliver a first cargo to end-buyers in China this August, underscore Russia's struggle to significantly raise its LNG output.

## LNG price in China lowest since mid-2021 amid weak demand

(Bloomberg; Dec. 22) - China’s domestic price for liquefied natural gas fell to a five-year low as inventories grew and demand for heating during winter months remained short of expectations. The domestic wholesale LNG price at key importing terminals dropped below 3,500 yuan per ton ($10.72 per million Btu) this week, marking the lowest since mid-2021, according to data from SCI99, a Chinese commodities pricing agency.

This marks a significant departure from typical winters, where prices usually rise on heating demand. This year, mild temperatures and a faltering industrial and economic recovery across China have dragged domestic LNG prices lower. At the same time, inventories have grown as incoming shipments of seaborne LNG began recovering in November after a year-long slump, though volumes remain below last year’s level.

Imports of piped gas have also been increasing, according to official customs data. Terminal operators have been forced to sell off LNG stockpiles at lower prices as storage tanks were 73% full as of Dec. 19, SCI99 said.

## Canada looks to boost exports of LPG and NGLs to Asia

(S&P Global; Dec. 22) - Canada has been behind the U.S. in building new infrastructure for processing natural gas liquids and exporting liquid petroleum gas (propane) to Asia.

However, that scenario is changing rapidly with multiple projects underway along the Pacific Coast in British Columbia, which will position the nation as another reliable, long-term North American supplier, with the potential to offer competitive pricing, according to midstream players and industry stakeholders.

Canada produces around 500,000 barrels per day of LPG, of which nearly 50% is used domestically, and the balance gets exported to the U.S. and Asia, AltaGas CEO Vern Yu said in late October on an earnings webcast. He said Canada needs to increase exports to Asia to maximize the value of its products. Exporting to Asia via the Ridley Island Propane Export Terminal, located off the coast of northwestern British Columbia, offered a better netback of about $5 per barrel than exporting to the U.S. LPG hub in Conway, Kansas, the company said in a Dec. 2 investor presentation.

Aside from the price advantage, shipping from Canada's West Coast offers significant savings in shipping time. From the terminal at Prince Rupert, B.C., AltaGas estimates the travel time at 10 to 11 days to China and Japan, compared with travel from the U.S. Gulf Coast to China, which is more than double. Given these advantages, a partnership between AltaGas and Vopak invested in and will start up next year a purpose-built LPG and bulk liquids terminal featuring rail, logistics and infrastructure at Ridley Island.

## U.S. seizures focus on tankers carrying black market oil

(Wall Street Journal; Dec. 22) - The U.S. pursuit of oil tankers around Venezuela is part of a new legal strategy under the Trump administration to seize ships that transport black market oil around the world, according to Justice Department officials. The fresh approach has been seen in recent days by the Coast Guard’s pursuit of the Bella 1, a sanctioned oil tanker whose crew refused to be boarded on Dec. 21. The Bella 1 is the third tanker to be targeted after the U.S. took control of two other very large crude carriers, the Skipper and the Centuries.

Unlike the Skipper and the Centuries, which were full of nearly 2 million barrels of Venezuelan oil at the time the U.S. boarded them, analysts at Kpler, a shipping data and analytics provider, say the Bella 1 was likely empty when the U.S. began pursuing it. A few days after the Skipper was seized by the U.S., the Bella 1 initially made a U-turn away from Venezuela before turning back toward the country, the analysts say.

While the U.S. has previously targeted sanctioned oil, it is now increasingly focused on seizing ships that make up the so-called “ghost fleet” and serve the global black market for oil, the officials said.  With more U.S. warrants being processed, the seizures threaten to dramatically reduce the flow of Venezuelan crude. It could also cause disruptions and shortages for other countries that use the shadowy network of tankers to buy and sell oil, including Cuba, Iran, Russia, and China.

## Venezuela relies on some of the oldest tankers afloat to move its oil

(Bloomberg; Dec. 24) - A 27-year-old crude tanker that was supposedly scrapped in 2021 is due to reach Venezuela late this week, according to ship-tracking data, in the latest example of how the South American country keeps its embattled oil industry alive. The tanker identifying itself as Freesia I is likely to be a zombie vessel, meaning it is in fact another tanker assuming the identity of a dismantled ship. This tactic is occasionally employed by boats ferrying sanctioned oil to obscure their trajectories and cargoes.

Venezuela's oil industry, once a global powerhouse, has been decimated by years of sanctions and underinvestment. But it has continued to export, mostly to China, thanks to some of the oldest and murkiest ships in the global fleet — a lifeline for the economy and for the government of President Nicolás Maduro. In the year to date, Caracas shipped nearly 900,000 barrels per day, according to analytics firm Kpler.

"Venezuela has been remarkably effective at masking both origin and ownership of crude and therefore at evading financial and trade-related controls," said Dimitris Ampatzidis, senior risk and compliance analyst at Kpler. "That's why Washington has increasingly moved from purely financial measures to physical disruption." Out of a dark fleet of roughly 1,500 vessels — often old, usually uninsured and owned by shell companies — Venezuela relies on close to 400 ships, according to TankerTrackers.com.

The tankers indulge in most of the dark fleet's typical practices to obscure movements and ownership, including spoofing, using fake locations. They also occasionally assume the identity of other, often dismantled, ships. Venezuela's regular dark fleet tankers are typically provided by other countries, as Caracas is unable to finance its own flotilla.

## Russia's Urals crude fell to $34 a barrel on Dec. 19

(Bloomberg; Dec. 22) - Russia's flagship Urals crude oil slumped to about $34 a barrel in a signal that U.S. sanctions on Moscow are having an impact. The grade in the Baltic Sea slumped to $34.82 a barrel on Dec. 19, while in the Black Sea it fell to $33.17, according to prices provided by Argus Media. Dated Brent, a yardstick for international prices, stood at about $61, after falling far less than Russian supplies this year.

President Donald Trump's administration announced wide-ranging sanctions on Russia's top two oil producers in October. While the step didn't halt Russian flows, it did make them more challenging. India in particular looks set to receive fewer barrels from Moscow next month. While Russia maintains that discounts will start narrowing within months, a long-lasting price slump would bite into the Kremlin's access to petrodollars to fund its war in Ukraine — oil and gas accounts for about a quarter of the budget.

The discounts for Urals work out at an average of about $27 a barrel at point of export, according to Argus. By the time the oil gets to India, that discount narrows to about

$7.50. It’s not clear how much of the delivery spread ends up in Russian hands. The cheaper the oil becomes, the greater the financial incentive there is for refineries to overlook sanctions to buy it — a dynamic that in the past has seen Russian prices normalize after an initial decline.

## First Russian-built ice-class LNG tanker delivered to Sovcomflot

(Bloomberg; Dec. 24) - Sovcomflot, Russia’s largest shipping company, received the first domestically built ice-class tanker to expand the fleet of ships hauling super-chilled gas from the blacklisted Arctic LNG 2 project year-round. The Rosneft-led Zvezda Shipbuilding Complex in Russia’s Far East transferred the Alexey Kosygin — the lead vessel in a series of advanced ice-class ships being built at the facility for Arctic LNG 2 — to Sovcomflot on Dec. 24, according to a website statement from Rosneft.

The Alexey Kosygin, sanctioned by the U.S., is key for the project above the Arctic Circle to be able to ship cargoes of liquefied natural gas via the Northern Sea Route when ice thickens during autumn and winter navigation. The bulk of tankers servicing Arctic LNG 2 aren’t ice-class, and Western sanctions have left little leeway to expand the fleet. The delivery of Alexey Kosygin was initially expected in early 2023, but restrictions on equipment delayed the schedule.

Novatek-led Arctic LNG 2 is threatened by international sanctions, but China started importing fuel from Arctic LNG 2 through its remote Beihai terminal in August, with about 20 cargoes offloaded from the Russian plant as of mid-December. Nevertheless, Arctic LNG 2 had to cut its output as winter ice complicates exports, and until now there was only one Russian shadow fleet tanker of the advanced Arc-7 class that can navigate frozen waters year-round. Sovcomflot expects to receive two more LNG tankers from Zvezda next year, Interfax reported, citing Chief Executive Officer Igor Tonkovidov

## U.S. gas running more expensive than oil-linked LNG prices for India

(Argus; Dec. 23) - India's liquefied natural imports are likely to get pricier in 2026 on the back of a rising number of mid-term LNG supply deals that are linked to the U.S. natural gas pricing benchmark Henry Hub, at a time when spot LNG prices have declined sharply. A total of 2.95 million tonnes of LNG supply deals, making up 12% of India's total LNG import volumes of 25 million tonnes per year, is at risk of being pricier than oil-linked LNG term deals and domestic gas prices, as well as the volatile spot market.

Indian companies signed a spate of LNG deals linked to U.S. Henry Hub gas prices in late 2024 and in early 2025 in a bid to diversify supply.  Contracts linked to Henry Hub were seen as a stabilizing anchor to reduce dependency on crude-linked contracts and spot prices.  But Henry Hub futures prices have risen because of strong U.S. domestic

and export demand, coupled with lower oil prices that reduce the outlook for associated gas production.  This means higher costs for Indian buyers of U.S. LNG, particularly as lower oil prices knock down the cost of LNG cargoes linked to global oil benchmarks.

The delivered price of LNG in Henry Hub-linked contracts in 2026 for city gas firms is expected to average $13.40 per million Btu. These prices are higher than for domestic gas from conventional fields, at $6.55; imported LNG under crude-linked contracts, at $8.80; and domestic gas from high-pressure, high-temperature fields at $9.72; oil ministry data show. Argus-assessed spot LNG prices for deliveries to west India are averaging at $11.90 for 2025, marginally higher from $11.10 in 2024.

## Strong demand for LNG helps push up U.S. natural gas prices

(Reuters; Dec. 23) – U.S. natural gas futures rose 4% on Dec. 23, boosted by record gas flows to liquefied natural gas export plants and forecasts for more demand than previously expected over the next two weeks. Front-month gas futures for January delivery on the New York Mercantile Exchange rose 15.3 cents at $4.105 per million Btu. "The demand for LNG is very strong and they're keeping those numbers near record high. So, that's definitely supporting the market right now," said Phil Flynn, senior analyst for Price Futures Group.

Average gas flows to the eight large U.S. liquefied natural gas export plants have risen to 18.5 billion cubic feet per day so far this month — more than 15% of total U.S. LNG gas production — up from a monthly record high of 18.2 bcf in November. LSEG projected average gas demand in the Lower 48 states, including exports, would rise from 127.9 bcf per day this week to 136 bcf over the next two weeks.

## North Dakota says new technology will help oil drillers stay profitable

(North Dakota Monitor; Dec. 23) - North Dakota’s top oil regulator is pessimistic about oil prices for 2026 but says oil production should hold steady, due in part to new drilling technology that companies are using to remain profitable. “Every time somebody thinks that the industry is essentially kind of maxed out on their technical capabilities, they usually come through with some type of innovation,” said Nathan Anderson, director of the North Dakota Department of Mineral Resources.

North Dakota produced nearly 1.17 million barrels of oil per day in October, the most recent figure available. The market price of North Dakota crude oil averaged about $53 that month, close to the bare minimum producers need to make a profit and a drop of $14 per barrel since January. “Operators generally have shut down or slowed down activity in the past at those levels,” Anderson said. “What we’re seeing now is these activity levels are continuing to maintain where they’re at in spite of that.”

North Dakota is the No. 3 oil producer in the nation. There are 27 drilling rigs active in the state, compared to 37 a year ago. The number of hydraulic fracturing crews dipped from 13 to seven in recent weeks, which Anderson said is partially due to budget constraints at the end of a year. He expects activity will pick up in January. One reason North Dakota oil production is stable, despite the dip in oil activity, is that companies are drilling longer horizontal wells to reach and recover more oil. These longer wells have made it economically feasible to drill in areas outside of the Bakken core.

## Australia will require LNG exporters to set aside gas for domestic use

(Reuters; Dec. 22) - Australia will make exporters of liquefied natural gas from the country's East Coast keep up to a quarter of their output for domestic use from 2027, under a plan unveiled Dec. 22 to curb price spikes and help fill a long-forecast supply gap. The government said it would work with exporters to design a system that allocates between 15% and 25% of gas for domestic use. The announcement puts numbers on a policy that the government has flagged throughout 2025 amid persistent warnings about a shortage of gas on the East Coast, where most of Australia's 27 million people live.

The proposal will only affect new contracts agreed by LNG exporters, not their existing contracts, said Climate Change and Energy Minister Chris Bowen. Australia, the world's third-largest LNG exporter, ships out far more gas than it consumes. The government's competition regulator warned on Dec. 22 that the expected local shortfall had widened, with output dropping from legacy fields off the southern coast. The gas reservation plan was recommended by a gas market review ordered by the government in mid-2025.

The plan will affect three LNG plants in Queensland, particularly Gladstone, industry watchers have said. Gladstone, run by Santos and backed by Korea Gas, TotalEnergies and Malaysia's Petronas, has typically relied on third-party domestic gas to meet export commitments. JY Chew, head of APAC upstream research at consultancy Welligence Energy Analytics, said the measure could reduce producers' export options. "LNG buyers negotiating new long-term contracts from 2027 may diversify more actively, knowing a portion of future Australian output will be reserved for domestic buyers."

## Myanmar will resume LNG imports after stopping deliveries in 2021

(Reuters; Dec. 22) - Myanmar is expected to resume liquefied natural gas imports next year after taking delivery of half a cargo last month, ending a more than four-year hiatus in shipments of the fuel, data and analytics firm Kpler said. This would mark the Southeast Asian nation's return to the LNG import market, after shipments were halted amid the country's civil war. Since then Myanmar has faced gas shortages and widespread power outages.

Kpler expects Myanmar to import 0.4 million tonnes of LNG in 2026, with two restarted or upgraded LNG-to-power projects ramping up to a combined 500 megawatts, said analyst Nelson Xiong. Myanmar had started importing LNG in June 2020.  But the nation halted imports just over a year later after a military coup. Prior to last month's shipment, it last received an LNG cargo in August 2021, according to Kpler data.