Oil and Gas News Briefs
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China took 91% of Iran's oil exports in 2024

(gCaptain; Jan. 6) - Despite tightening Western sanctions, Iran's oil exports reached 587 million barrels in 2024, marking a significant 10.75% increase from the previous year, with China emerging as the dominant buyer, according to United Against Nuclear Iran (UANI), a nonprofit organization tracking Iranian oil movements. The surge in exports highlights the regime's growing ability to circumvent international restrictions.

China's role in Iran's oil trade has become nearly absolute, with China taking 91% of Iran's total oil exports in 2024. The nation imported 533 million barrels from Iran, representing a substantial 24% increase from 2023, primarily driven by demand from Shandong province's so-called "teapot" (independently owned) refineries. "This year's data trends reveal a regime (in Iran) that adapts quickly to enforcement measures," according to the monitoring nonprofit.

A significant shift in 2024 saw Iran increasingly relying on its National Iranian Tanker Co. fleet for direct loadings to China, while foreign-flagged vessels took on ship-to-ship transfers in international waters. This adjustment came in response to heightened sanctions enforcement targeting foreign-flagged ships involved in Iran's oil trade. The monitoring efforts led to the identification of 132 new vessels engaged in Iranian oil smuggling in 2024, with the number of tracked "ghost fleet" tankers reaching 477.

Iran was never paid and wants to recover oil stranded in China

(Reuters; Jan. 8) - Iran is pushing to recoup 25 million barrels of oil from China stuck for six years in Chinese ports due to sanctions imposed by then-President Donald Trump, three Iranian and one Chinese source familiar with the matter said. Trump is returning to power on Jan. 20, and analysts said he is expected to tighten sanctions again on Iranian oil exports to limit Tehran's income, as he did during his first term as president.

China has been buying about 90% of Tehran's oil exports in recent years at discounts that have saved its refiners billions of dollars. But the stranded oil, worth $1.75 billion at today's prices, highlights the challenges Iran is facing with selling oil even in China. Despite some of the West's toughest sanctions, Iran has built a roaring global trade for its oil, relying on a shadow fleet of tankers that conceal their activity. Most Iranian oil sold to China is redocumented as non-Iranian en route to Chinese ports.

The stranded oil was documented as Iranian oil when Iran's national oil company delivered it to Chinese ports in 2018 using waivers granted by Trump, sources said. The company stored the oil in the ports of Dalian and Zhoushan, where it had been leasing tanks, the sources said. Leasing tanks gave it flexibility to sell the oil in China or ship it to other buyers in the region. But in early 2019, Trump scrapped the waivers and the oil never found buyers or cleared Chinese customs and has remained trapped in the tanks.

Oil tanks in Dalian are run by PDA Energy, which is asking Iran to pay more than $450 million in storage fees accumulated since 2018, one of the three Iranian sources said. Talks between Iranian officials and the Chinese storage operators on payment of storage fees and other conditions for releasing the oil took on added urgency in recent weeks due to Tehran's concerns that Trump could again tighten sanctions.

Chinese port operator bans U.S.-sanctioned oil tankers

(Reuters; Jan. 7) - Shandong Port Group has banned U.S.-sanctioned tankers from calling on its ports in the eastern Chinese province, home to many independent refiners that are the biggest importers of oil from countries under U.S. embargo, three traders said. The province imported about 1.74 million barrels per day of oil from Iran, Russia and Venezuela last year, accounting for about 17% of China's imports, ship tracking data from Kpler showed.

If enforced, the port operator's ban would drive up shipping costs for independent refiners in Shandong, the main buyers of discounted sanctioned crude from the three countries, the traders added. Last month, the U.S. imposed further sanctions on companies and the shadow fleet that deal with Iranian oil. President-elect Donald Trump, who takes office on Jan. 20, is expected to tighten sanctions further on Iran.

The ban could slow imports into China, the world's largest oil importing nation, traders said. Shandong Port oversees major ports on China's east coast including Qingdao, Rizhao and Yantai, which are major terminals for importing sanctioned oil. Shandong Port, however, said it expects the shipping ban to have a limited impact on independent refiners as most of the sanctioned oil is being carried on non-sanctioned tankers.

Oil tanker company CEO says 'dark fleet' a disaster waiting to happen

(Financial Times; London; Jan. 4) - The boss of the world's largest publicly listed oil tanker operator has accused the U.N. maritime rule-setting body of "sleeping behind the wheel" over the growing "dark fleet" of unregulated vessels, saying it is "only a question of time" before a significant disaster takes place. Lars Barstad, CEO of Frontline, also criticized European governments for failing to enforce rules meant to curtail trading in Russian oil, saying they were more worried about forcing up energy prices.

The number of dark fleet vessels has grown to about a fifth of the world's fleet after Russian-linked owners bought up hundreds of aging ships to circumvent Western sanctions on the country's oil trade. The potential for disaster was illustrated in July when the Hafnia Nile, a tanker operated by Singapore-based Hafnia, collided with the Ceres I, a dark fleet vessel carrying Iranian oil, in waters off Malaysia.

According to a U.S. Treasury notice, the Ceres I radar system was broadcasting an inaccurate location — a common tactic for ships trying to conceal their activities. Dark fleet vessels, which carry oil from Iran, Venezuela and Russia, are generally the property of companies whose ownership is unclear and often lack adequate insurance. They are frequently registered in countries that do little to enforce rules about safety inspections. Barstad said the growth of the dark fleet had incentivized a number of "lawbreaking operators" to make an "insane amount of money."

Global LNG market braces for oversupply in 2026, with lower prices

(Australia Financial Review; Jan. 7) - Woodside Energy, Santos and Australia's cohort of LNG exporters are bracing for a wave of fresh supply of the seaborne natural gas that will start hitting the market this year, bringing with it the possibility of lower prices. The long-anticipated jump in new LNG production, mostly from North America, was originally expected to start impacting global gas markets in 2024 but was pushed back as projects were delayed. That meant the global market remained somewhat tight last year.

Now, 2025 is expected to be the year when the surge of fresh supply becomes evident, with the surplus worsening in 2026, when global gas prices will feel more of an impact, according to Standard & Poor's global commodities arm. Still, commodity analysts are coloring their forecasts with significant uncertainty, given questions over the impact of a Trump administration on U.S. energy policy and global markets, and unpredictable geopolitical outcomes around the Russia-Ukraine war and the tensions in the Mideast.

MST Marquee energy analyst Saul Kavonic said the consensus outlook for LNG pricing is negative, with the market flipping into oversupply after 2026, while the potential for even more go-aheads for new LNG export projects in Papua New Guinea, the Middle East and the U.S. could exacerbate oversupply from 2029. However, there are other factors, he said, pointing to the risk of delays to a major LNG expansion underway in Qatar, construction problems at some projects and a delay to U.S. LNG export growth due to the Biden administration's pause imposed on LNG export licenses.

Trump faces decision on LNG export approvals

(Reuters; Jan. 7) - Advisers to President-elect Donald Trump are urging him to take a patient approach to restarting approvals for liquefied natural gas export licenses, fearing rapid approvals will only get overturned in court, according to two sources familiar with the discussions. The recommendations offer a preview of the challenges Trump will face as his bold campaign promises to slash regulation and unfetter industry crash into the reality of governing an unwieldy bureaucracy.

President Joe Biden halted new LNG export licenses and ordered a review of the U.S. LNG industry a year ago after pressure from environmentalists concerned about greenhouse gas emissions. The moratorium delayed several projects. Trump vowed to undo Biden's pause and swiftly approve the projects. He plans on issuing an LNG-specific executive order on his first day in office later this month, but the details of the order remain a matter of debate, as advisers balance political urgency with protecting the export projects from protracted legal battles, the sources told Reuters.

The Energy Department study was released in December and found that unconstrained LNG exports could exacerbate climate change if the gas replaces lower-carbon energy instead of coal in the places where it is used. The findings are supposed to help guide future decision-making on approving new projects and can be used by environmental groups to challenge new approvals. Instead of ignoring the study, advisers are urging Trump to take it head-on, using a public comment period to discredit some of its key findings and argue that previous, favorable studies on LNG exports should take priority.

PetroChina pushes customers to sell surplus natural gas

(S&P Global; Jan. 6) - PetroChina's customers have been pushed to resell their surplus pipeline gas under 2024-25 contracts due to weak downstream demand, particularly for heating, amid a warmer-than-expected winter, according to market sources. These surplus volumes have been sold via auctions. The trades are restricted to those that have annual pipeline gas contracts with the state-owned oil and gas company, primarily city-gas companies, industrial users, power plants and gas liquefaction plants.

The latest auction, initiated by PetroChina, was conducted Jan. 6 for pipeline gas slated for delivery in the same month. This followed a similar auction held by PetroChina on Dec. 26 for pipeline gas volumes delivered in December and January. "City-gas companies could not sell the gas volumes they signed up for this winter, and those volumes have become stuck in the pipeline system of PipeChina, as the pipeline's uptake volume exceeded its offtake volume," a source in Beijing said.

The surplus volumes released by city-gas companies are expected to attract some of PetroChina's non-city-gas customers, such as gas liquefaction plants, industrial users or power plants, if the auction prices are reasonable, a trader said. "In some regions, even with the added transportation costs, prices should still have some advantages, potentially attracting buyer interest," a buyer from a power plant in South China said.

[Growing U.S. demand for power provides boost for gas and coal]

(Climate Wire; Jan. 6) - Stagnant power demand undermined then-President Donald Trump's pledge to save coal in his first term. Now, soaring power needs could boost his energy agenda when he returns to the White House later this month. Analysts estimate that electricity use will skyrocket in the coming years, as artificial intelligence and data centers consume more power. That trend could boost consumption of fossil fuels, slow emissions reductions and hand Trump a political victory.

The last time he was in power, demand for electricity was essentially flat due to energy efficiency and broader economic trends like the outsourcing of domestic manufacturing. Increased competition from low-priced natural gas and renewables pushed coal plants into retirement, no matter what Trump promised to do to save coal. But the situation is different today. Utilities are rushing to build new power plants to meet growing needs.

"The big energy story is how are we going to power these data centers," said Joshua Rhodes, a research scientist at the University of Texas at Austin who studies the power sector. "Drill baby drill might turn into power baby power." U.S. oil production is at record levels and companies might be reluctant to accelerate drilling, lest they flood the market and send prices tumbling. But if the outlook for oil is murky, the forecast for gas is rosy. Gas is now the primary engine of U.S. power generation, accounting for more than 40% of electricity power last year. More gas is likely needed to keep up with rising demand.

The rise in power demand could also offer a lifeline to aging coal facilities that otherwise would be headed to retirement. Utilities will be loath to close coal plants as they struggle to keep up with demand, analysts said. "Demand has come on so much faster than the ability to supply the power and that is creating the pinch point we're having right now," said Andy Blumenfeld, an analyst who tracks coal markets at McCloskey by OPIS.

[U.S. LNG export plants operate under safety rules drafted in 1970s]

(Energy Wire; Jan. 8) - U.S. liquefied natural gas exports are poised to surge as President-elect Donald Trump retakes power, putting a renewed spotlight on safety standards drafted during the Carter administration. A dramatic expansion of LNG is squarely in line with Trump's energy dominance agenda. While the Biden administration has been working on a draft of new safety regulations, their future is unclear. In Trump's first term, a proposed rule got to the White House for review but was withdrawn.

Relying on old safety rules could fuel the fears of people who live near proposed sites, which in turn could give added ammunition to opponents who want to block exports. Eight LNG terminals are operating in the U.S., five more are under construction and another dozen or so are in various stages of permitting. Officials at the Pipeline and Hazardous Materials Safety Administration — part of the Transportation Department —

have been working to update the safety rules for more than eight years. Congress has twice told the agency to revise the regulations. PHMSA hasn't even published a draft.

The current rules were enacted in 1980 after being drafted in the late 1970s. LNG was used primarily as a backup supply for gas-fired power plants when demand peaked; those "peak shaving" gas liquefaction and storage plants are a fraction of the size of today's export giants. "These massive facilities weren't even thought of as a possibility when the current safety standards were written," said Bill Caram, executive director of the Pipeline Safety Trust, an advocacy group for pipeline and LNG safety.

Russia looks at other markets to replace pipeline gas sales in Europe

(Bloomberg; Jan. 6) – Russian President Vladimir Putin might have lost a slice of revenue after Kyiv closed its natural gas pipeline to Russian supplies, but Moscow already has alternatives for shipping the fuel that stand to shield it from any serious economic hit. Russia plans to expand exports of liquefied natural gas while routing pipeline gas to other buyers like China. Despite calls to ban such supplies, Europe is buying a record amount of Russian LNG, predominantly from Novatek's Yamal plant.

LNG sales to Europe have surpassed what Russia was selling through Ukraine before Jan. 1, when Kyiv, refusing to allow any more transit that funds Moscow's war machine, closed off the five-decade old pipeline route through its territory. The situation highlights how hard it is for Europe to cut ties with Russia, which had entrenched itself as a key commodities supplier to the continent. It also casts a spotlight on how the 2022 invasion of Ukraine has forced Russia to keep readjusting its trading network. Still, Moscow has shown that even when one avenue to markets closes, there are often others still open.

Sales to China, which is overtaking Europe as the top market for Russia's pipeline gas, were forecast to reach a record 1.1 trillion cubic feet in 2024. They are set to rise to 1.35 tcf this year as the Power of Siberia link has reached full capacity. Still, Russia's plans for pipeline gas and LNG face challenges. While Russia aims to launch exports via a second link to China in two years, talks for a third pipeline have stalled over terms. Russia seeks to triple its LNG exports to 100 million tonnes in 2035, from 33 million in 2024, but Western sanctions on future projects and its LNG tanker fleet complicate that.

EU bought a record volume of Russian LNG in 2024

(High North News; Jan. 6) - While the European Union's imports of liquefied natural gas from around the world decreased by 20%, deliveries from Russia set a new record in 2024. An increasing amount of Russian LNG is now sold on the spot market, where traders prefer cheaper Russian LNG rather than buying from the U.S. or elsewhere.

While recent focus has been on the termination of pipeline gas transits to Europe via Ukraine, Russian LNG continues to reach the continent uninterrupted.

In 2024 the bloc imported at least 16.65 million tonnes of Russian LNG, a record high since production at Russia's largest export facility, Novatek's Yamal LNG, began operations at the end of 2017. The latest figures surpass the totals of 15.21 million tonnes and 15.18 million tonnes recorded in 2022 and 2023.

Overall EU imports of LNG from around the world declined in 2024, strengthening the reality that its member states require Russian imports for energy security. Instead of reducing LNG imports from Russia, the decrease came primarily in a reduction of purchases of U.S. gas. Russian deliveries sold on the spot markets are generally cheaper than their U.S. equivalents. The share of Russian LNG of all EU imports rose from 15% last year to 20% in 2024. The new record calls into question the effectiveness of the EU's efforts to reduce imports from Russia through sanctions.

Europe burning through gas reserves as cold weather drives demand

(Bloomberg; Jan. 6) - Europe is burning through gas reserves more quickly than at any point in the past seven years as cold weather ramps up heating needs, with more cold temperatures expected again this week. The region's vast underground storage sites are just over 70% full compared with about 86% a year ago. While there's no risk of an immediate shortfall, the rapid depletion may make stockpiling more challenging ahead of the next heating season and risks impacting short-term prices.

Storage levels have dropped a total of 25 percentage points from their peak — more than any decline for this time of year since 2018, according to Gas Infrastructure Europe data compiled by Bloomberg. "The lower that end-of-March storage levels are, the harder it will be for the region to refill ahead of the next winter," Samantha Dart, Goldman Sachs Group's head of natural gas research, said in a note. "Specifically, under the colder-than-average scenario that is currently forecast."

The weather has turned colder across most of northwest Europe, which could spur further withdrawals in the coming days as gas usage for heating increases. The continent is also increasingly exposed to market volatility as it relies on global liquefied natural gas to replace the shortfall left by the end of Russian pipeline flows via Ukraine.

Indian company plans $11 billion refinery, petrochemical plant

(Reuters; Jan. 2) - India's Bharat Petroleum plans to invest $11 billion in southern Andhra Pradesh state for a new refinery and petrochemical project to meet rising fuel demand in the world's fastest-growing major economy, its chairman said. India wants to emerge as a major refining hub supplying fuel to the global markets as Western companies are cutting crude processing capacities in favor of energy transition.

"We feel there is a big opportunity in the refining sector. India's primary energy demand itself is also going to increase three to four times as its economy expands," G. Krishnakumar told Reuters. BPCL has started pre-project work including land purchases to build at least a 9 million-tonne-per-year refinery and ethylene cracker in Andhra Pradesh, he said. The project could cost $10.56 billion to $11.14 billion.

The company operates three refineries in India with combined capacity of 35.3 million tonnes per year. It also buys fuels from a Numaligarh refinery in the northeast. Krishnakumar said about 80% of the output from the proposed Andhra complex will be sold in southern India, home to petrochemical developers and automobile makers. Indian refiners are raising their petrochemical production as the nation's per capita consumption is set to rise with increased manufacturing.

Japan’s largest LNG buyer sets up energy think tank

(Bloomberg; Jan. 6) - JERA, Japan’s largest liquefied natural gas buyer and top utility, has created a think tank to research domestic and international energy trends, according to people with knowledge of the matter, following Western oil giants trying to gain an advantage in the rapidly shifting market. JERA Global Institute was founded on Jan. 1 and will aim to follow the example of Shell’s scenarios team, which produces long-term forecasts to advise senior management and the board, said the people, requesting anonymity because the unit hasn’t been formally announced.

The energy transition is posing new challenges for Japan’s fuel importers, which must balance security of supply and goals to reduce emissions. JERA’s think tank will have a staff of more than 30 people, mostly Japanese, and in the future will expand to the U.S., Europe and Asia to enhance overseas research, the people said.

Gas turbine maker sees opportunity as Taiwan phases out nuclear

(Bloomberg; Jan. 6) - GE Vernova, one of the world’s biggest gas-fueled turbine makers, said Taiwan is its fastest-growing Asian market as the island’s plan to phase out nuclear energy forces it to rely more on the fossil fuel to power its world-leading chip-making industry. Turning off nuclear on the island “is leading to a steeper curve of replacement demand,” and “gas is the most applicable replacement to nuclear,” said Scott Strazik, GE Vernova’s chief executive.

Taiwan — home to major chip-makers, including the world’s biggest, Taiwan Semiconductor Manufacturing — plans to phase out its last nuclear reactor by May this year even as power demand is expected to rise in the coming decades. Efforts to develop offshore wind in Taiwan have also faced challenges as rising costs and delays plague the industry, leaving the island with fewer low-carbon energy options.

In Southeast Asia, GE Vernova, which was spun off from General Electric last year, sees opportunities in countries like Malaysia and Indonesia, where more data centers are sprouting and demand for electricity is rising.

Australia edges closer to importing LNG to cover domestic shortage

(Argus Media; Jan. 6) - Australia — formerly the world's largest LNG exporter — is edging closer to importing the fuel in 2025 after years of supply warnings from the Australian Energy Market Operator. Anti-gas lobbying from environmental groups, new emissions laws, slumping exploration and rising costs have all been blamed for forecasts of domestic production falling below demand levels, even as gas use dips.

Debate about the rationale and demand for LNG imports continues, with no buyers having signed term sales yet. But the recent purchase of the proposed Outer Harbor LNG import project has raised expectations that deals may occur in 2025 to alleviate winter shortfalls from 2026 onward. AEMO is predicting southern Australia's gas output will drop 40% from 2024 to 2028. Initial imports will most likely head to New South Wales state, Australia's largest jurisdiction by population.

Limited gas storage capacity exists and no new major fields are under near-term development, but increasing pipeline capacity to bring enough of the plentiful Queensland coal-bed methane south could prove critical. Expansion of Australian pipeline operator APA's South West Queensland pipeline could be approved in early 2025, raising gas security. LNG imports cost up to 25% more than pipeline gas.