Oil and Gas News Briefs
Compiled by Larry Persily
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Oil at sea highest in more than 2 years; sign of oversupply

(Bloomberg; Oct. 5) - The amount of oil on tankers plowing the world's oceans climbed to the highest in more than two years, an indication of swelling global volumes ahead of a likely period of oversupply. About 1.25 billion barrels of oil are at sea, according to Vortexa data, the highest since April 2023. Another analytics firm, Kpler, says it is the highest since June 2023, while a third, OilX, sees it at the highest since May last year.

The growth reflects rising shipments both from within the Organization of the Petroleum Exporting Countries and outside the producer group. Cargoes are set to continue expanding through the fourth quarter and into the first quarter of 2026, spurring what the International Energy Agency expects to be record oversupply next year. The increase is likely to weigh on crude prices — but should prove lucrative for ship owners. Earnings for supertankers approached $100,000 a day in recent weeks, but have since eased.

"Big increases in Middle East crude exports in September are the biggest contributing factor here," said Svetlana Lobaciova, principal analyst at EA Gibson Shipbrokers. "It is not just the cumulative impact of OPEC+ production increases, but also a likely significant decline in direct crude oil burn and sizable refinery crude processing capacity scheduled for maintenance in the Middle East in October." Higher volumes of oil sailing from the U.S. and West Africa to Asia have also supported longer tanker journeys and boosted the amount of oil at sea, she added.

Saudis go after market share; 'scoring points' with Trump a bonus

(Wall Street Journal; Oct. 3) - Saudi Arabia has opened the oil spigots. Among the biggest beneficiaries: President Donald Trump. Crude prices have fallen this year as a result of what Riyadh has officially cast as routine oil-market management. In reality, strategists say the kingdom is trying to achieve several objectives: claw back market share lost to Brazil, Guyana and U.S. shale producers; rein in those members of the cartel that it dominates which routinely exceed their production quotas; and raise cash for massive infrastructure projects now beset by cost overruns and delays.

Whatever Riyadh's goals, the gambit has benefited the Trump administration. More Saudi crude has helped lower gasoline prices at the pump, something Trump has repeatedly called for. Falling oil prices are helping to blunt the inflationary effects of Trump's tariffs and boost the U.S. economy just as households and businesses grow cautious. In addition, the president, his business and his family have long cultivated close ties with Saudi Arabia and Crown Prince Mohammed bin Salman.

The current Saudi strategy marks a contrast from when the Biden administration’s battle against rampant inflation was made much harder by runaway oil prices. Now, people familiar with Saudi and OPEC decision-making said Riyadh’s main goal is to reclaim market share and reassert the cartel’s dominance, with any benefit to Trump a bonus. “Delivering more barrels offers a double win for the Saudis — scoring points with Trump and recapturing some market share lost to U.S. exporters in recent years,” said Clayton Seigle, senior fellow at the Center for Strategic and International Studies in Washington.

OPEC+ announces additional production increase for November

(The Wall Street Journal; Oct. 5) - The Organization of the Petroleum Exporting Countries and its allies agreed on a restrained oil output increase on par with earlier moves, a bet that the group can eke out more revenue without causing a crash in prices. Eight OPEC+ members led by Saudi Arabia said they would boost production by 137,000 barrels a day in November, the same as the output increase in October, the group said after an online meeting Oct. 5.

The cartel wants to regain market share lost to U.S. shale producers, Brazil and Guyana, and to rein in other OPEC members that routinely exceed production quotas. Lower oil prices also would please President Donald Trump, who repeatedly has called for lower gas prices at the pump. The move builds on earlier decisions by the cartel to unwind a layer of production quota curbs totaling roughly 1.65 million barrels a day, first implemented in 2023. An earlier layer of curbs, totaling 2.2 million barrels a day, already had been fully rolled back in September, a year ahead of schedule.

Brent crude futures dropped $4.90 last week as traders positioned for a larger-than-expected production increase. By going with a more restrained increase, the cartel “stepped carefully after witnessing how nervous the market had become,” about the possibility of even larger increases, said Jorge León, head of geopolitical analysis at Rystad Energy. “The real test will come when fundamentals and politics shift again.” Brent crude and West Texas Intermediate have both fallen by more than 13% this year due to the cartel’s production hikes and concerns over a looming global oil supply glut.

Closed Chevron refinery supplied 40% of jet fuel in California

(CBS News; Oct. 3) - A large fire at the El Segundo Chevron refinery in Los Angeles County has raised concerns about higher gasoline prices across California. Officers and firefighters responded to the refinery Oct. 2 after an explosion and ensuing fire, according to the El Segundo Police Department. Crews, which included Chevron's private emergency response team, contained the fire to the southeast corner of the facility by the end of the night and completely extinguished it the following morning.

As the company conducts an internal investigation to determine the cause of the fire, experts from AAA and the University of Southern California predict that gas prices across the state will likely spike. "All eyes are on where pump prices are going to go from here," AAA spokesperson Doug Shupe said. "The facility plays a very significant role in the region's fuel supply." According to Chevron's website, the facility refines 276,000 barrels of oil a day and "is the largest producing oil refinery on the West Coast." The refinery produces 20% of the state's fuel for cars and 40% of the stock for jet fuel.

USC professor Shon Hiatt said that if the Chevron facility goes offline, it will join three other California refineries closing in the next six months. "Prices will probably increase 13 cents a week for every week the Chevron refinery is offline," he said. Hiatt believes that if there is a shortage, the state will need to import from South Korea or China, potentially straining the supply chain to the point where air travel could be impacted.

LNG players question whether U.S. supply will drive down prices

(Financial Times; London; Oct. 3) – The U.S. is expanding its capacity to export liquefied natural gas at such a rapid pace that it risks flooding the market and driving down prices, energy bosses have warned. Three terminals were given the green light last month alone, with five more set to follow by year-end as the world’s biggest LNG supplier pushes ahead with plans to more than double exports by the conclusion of Donald Trump’s second term as U.S. president.

The speed and scale of the expansion have unsettled some leading LNG traders. Wael Sawan, CEO of Shell, which runs the world’s largest LNG portfolio, said the build-out was “not economically fully rational,” given the high cost of building new terminals, and that he was “surprised” at how many had been approved. Patrick Pouyanné, head of TotalEnergies, another big LNG trader, questioned whether there would be markets for a glut of U.S. gas. “Let’s see if they find financing for all these projects,” he said, adding that some Asian buyers had signed deals to please Trump and lower tariffs.

Yet companies behind the developments insist the predicted growth in global LNG demand is real. “It’s a growth business for 30 years and there’s plenty of room for competitors in the market,” said Ben Dell, chair of Commonwealth LNG, which is seeking approval for its Louisiana terminal. He accepted that a short-term glut might hit prices but was confident that the market would adjust. “We see significant elasticity of demand to lower prices, which a lot of market analysis fails to account for,” he said.

Much of the industry’s optimism about LNG rests on predictions that Asian economies will consume the fuel in ever greater quantities as they reduce their reliance on coal. Yet, this belief has been tested by a marked drop in LNG shipments to China, which has not imported any from the U.S. since February. The country has instead boosted domestic gas production and is buying more pipeline gas and LNG from Russia.

Pakistan turns away from LNG imports, says it is too expensive

(Bloomberg; Oct. 3) - Liquefied natural gas is no longer playing a key role in meeting Pakistan's energy needs, according to its petroleum minister, a stark shift for the South Asian nation once seen as a fast-growing buyer. LNG shipments to Pakistan peaked in 2021 and have slumped since Russia's invasion of Ukraine led to a price surge. Deliveries are down 5% so far this year, according to ship-tracking data, and are poised to keep falling as Pakistan makes requests to suppliers to reduce contracted deliveries.

"This is not a temporary blip," Ali Pervaiz Malik said in an interview in Islamabad. "We have to readjust our strategy." Pakistan a decade ago planned a massive expansion of LNG imports to replace dwindling local gas production. That strategy was upended over the last few years — a surge in prices made the fuel uncompetitive. Meanwhile, power demand dropped since the government was forced to increase rates to secure loans from the International Monetary Fund, a move aimed at reducing utility debt.

While there are new power projects in the pipeline, the minister said he doesn't see any space for LNG, as shipments remain too expensive. Pakistan is still straddled with long-term LNG purchase agreements. Malik recently met with counterparts in Qatar, the largest LNG supplier to Pakistan. Pakistan had planned to ask Qatar to delay delivery of LNG supply over the next five years, Bloomberg reported. Pakistan will incentivize local gas exploration to help reduce costs for power producers and cut back debt, said Malik.

Gas turbine manufacturers can't keep up with demand

(Bloomberg; Oct. 1) - Inside Siemens Energy's assembly hall in Berlin, engineers are close to completing a 500-ton turbine for a gas power plant. Workers have spent weeks on painstaking tasks with the accuracy of a watchmaker, grinding metal to millimeter-widths and precisely placing hundreds of parts. It's necessary work because the shaft holding them together must turn at 3,000 revolutions a minute. Eventually, the interior is encased in a protective metal jacket. It's one of roughly 50 finished turbines a year that will leave the factory on 180-wheeler vehicles, bound for ships headed to the North Sea.

Siemens Energy, alongside its main competitors GE Vernova and Mitsubishi Heavy Industries, account for more than 70% of gas turbine production capacity. They supply dozens of the largest units each year, but that's not remotely close to satisfying demand. The world is hungry for power. The boom in artificial intelligence has spurred an explosive growth of data centers. Meanwhile, demand is growing from consumers and industries as households, transportation and manufacturing are electrifying.

Many countries are shifting from coal to gas as part of their decarbonization efforts. Solar and wind are now the cheapest sources in most regions, but even paired with batteries they cannot yet provide continuous supply that coal or gas do. It's why demand for gas hit a record last year, with more than three-quarters of that growth in emerging markets, according to the International Energy Agency. Suppliers of turbines have been caught flat-footed by the resulting acceleration in orders.

The turbine shortage risks exacerbating a major divergence in climate efforts between poor and rich nations. Without gas, developing economies may be forced to keep using coal for longer, threatening plans to cut emissions. Meanwhile, developed countries may be driven to more quickly adopt solar and wind farms backed up by expensive batteries.

Italy's Eni gives OK for $7 billion LNG project offshore Mozambique

(Bloomberg; Oct. 2) - Eni gave financial approval to build a $7.2 billion floating liquefied natural gas project in Mozambique that will double the nation's LNG output, adding to global supply just as a wave of new production hits later this decade. The Coral Norte project off Mozambique's northern coast will be able to produce 3.6 million tonnes of LNG a year and will use the same design as Coral Sul, the country's first floating production operation, which started exporting the fuel in 2022.

"This is a commitment" that will make Mozambique the continent's third-largest LNG producer after Nigeria and Angola, Eni CEO Claudio Descalzi said at a ceremony in Maputo, the capital. Production is expected to start in 2028. The approval marks a turning point in the southern African nation's LNG developments to export its significant gas discoveries, which had been set back by insurgent militancy in the past few years.

Momentum has returned in recent months with both TotalEnergies and Eni readying contractors and signing agreements for preliminary work to develop gas deposits that can transform the economy of one of the world's poorest nations. Coral Norte will be implemented by a joint venture formed by Italian energy major Eni, China National Petroleum Corp., Abu Dhabi National Oil Co.'s XRG, Korea Gas and Mozambique state producer Empresa Nacional de Hidrocarbonetos.

Mozambique president says TotalEnergies can restart LNG project

(Reuters; Oct. 2) - Mozambique President Daniel Chapo said on Oct. 2 that the conditions have been met for French energy company TotalEnergies to lift force majeure on its $20 billion liquefied natural gas project in the Southern African country. TotalEnergies halted work on its Mozambique LNG project in 2021 after an Islamist militant attack. The company forecasts the 13-million-tonne-per-year project will come online in 2029, around five years later than initially expected. TotalEnergies has been waiting for the security situation to improve, while assembling updated cost estimates.

"Conditions are met for the lifting of force majeure, and we await the pronouncement of the concession holder shortly," Chapo said at a ceremony where Italian firm Eni and its partners took a final investment decision on another gas project in Mozambique. TotalEnergies declined to comment on Chapo's comments. For TotalEnergies, the world's second-largest publicly traded LNG player, the megaproject offers a chance to narrow the lead of rival Shell as global demand for gas surges and Western buyers seek to avoid Russian gas.

LNG Canada in process of starting up second production unit

(Reuters; Oct. 2) - Shell-led LNG Canada has begun the process of starting up its second 6.5-million-tonne-per-year liquefied natural gas processing unit known as Train 2 in Kitimat, British Columbia, a company spokesperson told Reuters on Oct. 2. The startup of Train 2, however, is happening as the plant continues to experience technical problems at Train 1, according to people with knowledge of its operations. The unit was reported by sources to have technical issues in July, a month after it started production.

LNG Canada is the first major export facility in Canada, and the first on the west coast of North America that provides direct access to Asia, the world's largest LNG market. The facility took almost seven years to build and has been operating at less than half its stated capacity, the people said. "We have had to swap out the supercore, and while string 2 is running, string 1 is down," one of the two people told Reuters.

When asked about the technical issues, the company spokesperson, said, "A 14th cargo departed the LNG Canada facility on Sept. 30. A 15th cargo is expected to depart in the coming days." In September, LNG Canada exported less of the superchilled gas than the month before, with only four cargoes leaving the port for a total export of just under 0.3 million tonnes compared with the 0.4 million tonnes it sold in August, according to preliminary ship tracking data from financial firm LSEG.

Investors urge EU to stick with its methane emissions law

(Reuters; Oct. 1) - Investors representing more than 4.5 trillion euros ($5.3 trillion) of assets have urged the European Union not to water down its methane emissions law amid concerns the rules may be weakened to help U.S. LNG imports, says a letter seen by Reuters. Money managers including Ninety One, Pictet Group, Railpen and Royal London Asset Management urged the EU to stay the course on rules requiring importers of oil and gas to monitor and report the methane emissions of their suppliers.

Methane is one of the most potent greenhouse gases. Investors are concerned the EU's methane rules will be brought into the agenda after U.S. Energy Secretary Chris Wright said recently the current legislation would prevent the United States from exporting liquefied natural gas to Europe. "Having laws that will prevent American gas coming here would be completely unproductive from a social cost and environmental perspective. So yes, those laws absolutely need to be fixed," Wright said in September.

The first phase of the EU law is in force and does not appear to have affected U.S. gas exports to Europe — with importers of gas having to report details of their suppliers' efforts to reduce methane emissions from May 2025. The investor group warned that reopening the regulation would introduce unpredictability and undermine companies and investors working toward complying with the rules, as well as slow down efforts to reduce the volume of highly damaging methane gas released into the atmosphere.

U.S. company to work on floating LNG import terminal for Iraq

(The Wall Street Journal; Oct. 1) - Excelerate Energy has received a contract award from Iraq to develop an integrated floating liquefied natural gas import terminal. The energy company said Oct. 1 that the terminal will allow Iraq to import LNG to support power generation, stabilize the national grid and diversify from unreliable sources of gas supply. Development of the terminal remains subject to the negotiation and execution of binding commercial agreements, Excelerate said. The company said it is actively engaged with Iraqi authorities to finalize the necessary contracts.

The Woodlands, Texas-based company said it plans to lead development of the terminal in coordination with the Iraqi government. Excelerate owns and operates LNG receiving, storage and regasification units at several locations around the world. State Department senior official Thomas Lersten said the award demonstrates U.S. energy leadership and marks a step forward in reducing Iraq's reliance on Iranian pipeline gas.

Maritime industry could see fuel demand double by 2030 for LNG

(Reuters; Oct. 2) - Demand for liquefied natural gas as a marine fuel will at least double by 2030 as abundant supply and rising emissions regulations spur orders for ships that can run on it, industry executives said. Massive LNG export projects in the U.S. and Qatar are expected to cause a supply glut by 2030, reducing prices and improving its competitiveness against conventional and more-polluting fuel oil for ships.

LNG is pulling ahead of other fuels in decarbonizing shipping, which accounts for nearly 3% of global emissions, as supply and infrastructure hurdles cloud the outlook for cleaner alternatives methanol and ammonia. "Owners ultimately will choose the fuel that gives you the lowest cost," said Tuomas Maljanen, associate director for LNG and new energy at shipbroker Fearnleys. "LNG is great because the infrastructure is there. It's readily available ... maybe later on it's going to be, hopefully, quite cheap as well."

Singapore, the top bunkering hub, led global LNG bunkering activity in the third quarter, followed by China and the Netherlands, according to consultancy Rystad Energy, and it plans to issue additional bunker licenses. Global LNG bunkering volumes could surpass 4 million tons this year and double by 2030, said Jo Friedmann, senior vice president of supply chain research at Rystad Energy. French energy major TotalEnergies expects global LNG and bio-LNG bunker demand to surge to 15 million tons by 2030. Some 781 dual-fueled ships can now use LNG, according to ship certifier DNV.

Equatorial Guinea plans oil and gas leasing to boost production

(Reuters; Sept. 29) - Equatorial Guinea will open an oil and gas licensing round in April to boost exploration and counter dwindling oil output, its Minister of Hydrocarbons and Mining Development Antonio Oburu Ondo said on Sept. 29. Opening in April and running until November, the licensing round offers 24 blocks, two of which are onshore and the rest offshore, said another official. The country, a member of the Organization of the Petroleum Exporting Countries, currently has six producing fields run by companies including Chevron, Trident Energy, ConocoPhillips and state-owned GEPetrol.

According to OPEC's 2024 statistical review, Equatorial Guinea produced 241,000 barrels of oil per day at its peak in 2010, but output has since fallen to 55,000 barrels per day in 2023. The International Monetary Fund said in an August report on the country's oil and gas-dependent economy that it expects growth to average a modest 0.9% per year over 2025-30 due to declining hydrocarbon production.

Earlier on Sept. 29, Chevron said its Noble Energy subsidiary had agreed to terms with the African nation on development of the Aseng gas project, which will help it reach a final investment decision. The project will help to sustain supplies of liquefied natural gas to global markets. It will involve an initial investment of $690 million and bolster the country's ambitions to become a regional gas-processing hub, the government said.

Container ships stay away from Northern Sea Route

(Bloomberg; Oct. 2) - China’s latest foray into the Northern Sea Route — using the channel between Russia and the North Pole to ship goods — has led some of the world’s largest container carriers to reiterate that the Arctic for them is still not safe, environmentally friendly or commercially viable. MSC Mediterranean Shipping, the world’s biggest container carrier, issued a client advisory this week to “reaffirm” its commitment to avoiding the Arctic passage, a course which can halve the 40-day Asia-to-Europe trip via southern Africa.

Increased Arctic traffic could “impact the fragile ecosystem of the region and the ice caps,” as well as remote Arctic communities, MSC said in the Sept. 29 advisory. “The Northern Sea Route remains underdeveloped for commercial shipping since safe navigation and transit are not assured.” Three of the other top five players — A.P. Moller-Maersk, CMA CGM and Hapag-Lloyd — also said they will not be looking to use the shipping lane, which follows Russia’s Arctic coast for more than 3,000 nautical miles, in line with a voluntary commitment they made in 2019.

Russia has promoted use of the shipping lane, including as a way of moving oil and gas to Asia, but ships still require clearance from Moscow to use the route. The passage can have ice even in the warmest months and freeze over with thick ice in the winter — making it accessible only to specialized vessels and increasing the risk of accidents that could damage the pristine environment. As of Aug. 31, 10 container ships had used the NSR this year, as well as tankers and other vessels, according to the Centre for High North Logistics in Norway. Those were all carrying cargo between China and Russia.

EU considers moving up deadline to ban Russian oil and gas

(Bloomberg; Oct. 3) - The European Parliament is considering accelerating a phaseout of Russian oil and gas imports in a bid to sever ties definitively with the region’s former top energy supplier. Parliament’s industry committee is set to vote on amendments to the so-called RePowerEU regulation, including halting Russian oil and petroleum-product imports from the start of 2026 and banning all gas flows a year later, according to people with knowledge of the matter.

The move would align the end of piped-gas imports with a halt to seaborne deliveries of liquefied natural gas from Russia already set out in the European Union’s proposed sanctions package. But while the sanctions are temporary by design, the RePowerEU initiative is a separate, longer-term plan to cut reliance on Moscow for good. The global LNG market is expected to start shifting into a surplus in the second half of 2026, reducing the risk that an EU phaseout would pressure supplies and drive up prices.

The European Commission originally proposed to halt Moscow’s piped-gas flows at the end of 2027. An earlier phaseout has now been endorsed by members of several political groups across the parliament, the people said. Under amendments to the RePowerEU regulation in the EU assembly, new purchases would be banned from the start of next year, while existing short-term contracts would be exempted until mid-June and long-term contracts until Jan. 1, 2027. In a vote set for Oct. 16, the committee will also seek a ban on Russian oil and petroleum products from the start of next year.