Oil and Gas News Briefs
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[Oil market in for a bumpy ride as supply could overwhelm demand]

(Reuters commentary; June 29) - Crude prices may be back near levels seen before the Iran war, but the surge in oil exports from the Middle East following the reopening of the Strait of Hormuz is creating a chaotic market that could take months to settle. The steep slide in Brent crude back to pre-war levels of around $73 a barrel following the U.S.-Iran interim deal might, at first glance, suggest business as usual has returned to the world's most important oil and gas hub. But beneath the surface, the market is anything but orderly. What looks like normality is a system trying to reboot all at once.

First, there's the race to liberate trapped volumes. Dozens of tankers stranded inside the Gulf during the war have rushed to leave in recent days. But clearing outbound cargo is only half the equation. Inbound tankers are needed to load crude sitting in onshore storage, a key step in allowing producers to restart fields and refineries shut during the war. Without those vessels, the recovery in supply cannot proceed smoothly.

Meanwhile, Tehran is expected to quickly ramp up production after the U.S. suspended most sanctions restricting Iran's oil exports and sales. Iran's output could reach 3.3 million barrels per day by year-end, above pre-conflict levels — if the sanctions relief stays in place, according to Rystad. It looks like a flood of oil is likely to hit markets. That surge is running headlong into weak short-term demand. Refineries in Asia and Europe have largely secured their crude supplies for July and August, leaving the extra barrels with nowhere to go. Many tankers may therefore have little choice but to remain at sea.

Having endured the largest oil supply shock in history, the market may soon face the opposite problem. Though supply is expected to strongly rebound, demand, by contrast, is expected to recover far more modestly, creating a potential surplus of roughly 5 million barrels per day next year. The scale of the potential supply-demand mismatch suggests the market faces a very bumpy ride ahead.

[U.S. in April set another record for oil production]

(Reuters; June 30) - U.S. crude oil production rose to 13.93 million barrels per day in April, the highest on record, monthly data from the Energy Information Administration showed on June 30, as producers ramped up output in response to higher oil prices owing to the Iran war. Production rose by 216,000 barrels per day in April, EIA data showed, with production in New Mexico touching a record high of 2.37 million.

Crude production in Texas edged 36,000 higher to 5.83 million barrels per day, the highest since November. Texas and New Mexico are home to the Permian Basin, which accounts for roughly half of U.S. crude output. Output from North Dakota, the third-largest producing state, rose to 1.13 million, the highest since November.

U.S. gross natural gas production eased to 135.3 billion cubic feet per day in April from 135.4 bcf per day in March and a record 136 bcf per day in December. In top gas-producing states, monthly output in April rose 0.2% to a record 38.8 bcf per day in Texas but fell 1.1% to 21 bcf per day in Pennsylvania, the EIA said.

UAE increases oil production to record high after leaving OPEC

(Reuters; June 30) - The United Arab Emirates boosted crude oil and condensate exports to a record high in June, preliminary Kpler and Vortexa ship-tracking data showed, shortly after the Gulf producer left OPEC. The decision to end almost 60 years of membership of the Organization of the Petroleum Exporting Countries on May 1 during the U.S.-Israeli war with Iran was aimed at maximizing the value of its resources, free from the constraints of the producer group's quotas.

Crude and condensate exports from the UAE have averaged about 3.7 million barrels per day in June, the highest on record, remaining above the 3.1 million to 3.3 million achieved before the Middle East conflict, said Kpler senior oil analyst Johannes Rauball. UAE exports last peaked at 3.44 million barrels per day in April 2020 after Saudi Arabia and Russia engaged in a short-lived oil price war.

Abu Dhabi crude loadings hit 4 million barrels per day between June 1 and June 29, exceeding pre-war levels of 3.4 million, said Emma Li, senior oil analyst at Vortexa. Exports, meanwhile, rose to a record 3.7 million barrels per day, compared with 3.3 million in the first two months of the year, she added. Asia remains a big focus for ADNOC, but there has been more demand west of the Suez Canal, including from Africa, the U.S. West Coast, northwest Europe and the Mediterranean, a source said.

Morgan Stanley cuts third-quarter Brent forecast to $75

(Bloomberg; June 29) - Morgan Stanley cut its oil price forecasts as flows through the Strait of Hormuz return faster than expected, while strong U.S. supply and weak Chinese demand increase the risk of a surplus. The bank lowered its third-quarter 2026 Dated Brent forecast by $15 to $75 a barrel, analysts Martijn Rats, Charlotte Firkins and Amy Gower said in a note dated June 29. Prices are set to drop further by the third quarter of next year, to $70.

"Exports via the Strait of Hormuz are recovering faster than expected," they said. Meanwhile, "the 'twin solvers' that allowed the market to adapt in the past few months — high U.S. exports, low China imports — are largely still in place." Although traffic in the strait slowed over the weekend, there were indications tanker companies and their crews are willing to navigate Hormuz. That's a critical step to returning the market to normal and unlocking millions of barrels from the region. To balance the market in 2027, flows through Hormuz only need to recover to 65% of pre-conflict levels, the bank said.

China pushes ahead with renewables and also coal

(Reuters commentary; June 29) - China's latest five-year energy plan confirms two seemingly contradictory positions: It will continue to be the world's leader in both renewable energy and coal. The trick is to view China's plans to massively expand renewable power while keeping coal production and consumption around record levels through the prism of energy security.

China's industrial leadership in renewables coupled with its vast domestic coal reserves and mining system is seen by Beijing as a way of reducing its reliance on imports such as crude oil and liquefied natural gas. The headline news from the plan released last week is that China, the world's biggest energy consumer, expects to generate half of its electricity from non-fossil fuel sources by 2030, up from a 42.3% target for 2025. This will be achieved by increasing wind and solar generation to more than 50% of installed capacity, or 2,700 gigawatts, an increase from 47% as of the end of last year.

But the positive news on renewable capacity additions has to be weighed against China's ongoing reliance on coal, both for power generation and increasingly for chemical and liquid fuel production. Coal production has nearly tripled since the 1.38 billion tons in 2000 and the latest five-year energy plan was coy on the future for the fuel, only reiterating that consumption will peak by 2030, but not providing any specifics. While coal's share of electricity generation is likely to decline as more renewables are installed, it's also likely its use as a feedstock for chemical and liquid fuels will increase.

U.S. crude oil stockpiles fall to lowest since 1980s

(Reuters; June 29) - Stocks of crude oil in the U.S. Strategic Petroleum Reserve fell by 5.5 million barrels to 325.7 million barrels, the lowest level since May 1983, according to data from the Department of Energy. The drawdowns are a part of a U.S. agreement to release 172 million barrels from the facility to plug a gap in global inventories after the Iran war and help push down fuel prices. U.S. crude stockpiles have rapidly declined in recent weeks due to strong export and refining demand for American oil.

Since the U.S.-Israel war on Iran began at the end of February, overall U.S. inventories, including commercial and SPR stocks, have fallen by 111.4 million barrels to 743.3 million barrels as of June 19, the lowest since 1984.

India makes plans for strategic reserves of oil, LNG and LPG

(Bloomberg; June 30) - India plans to build strategic reserves of crude oil, liquefied petroleum gas and liquefied natural gas large enough to meet as much as a month of domestic demand, as the country seeks to avoid a repeat of the supply shock created by the war in the Persian Gulf. The oil ministry has set up a committee to study details including locations, operations and the split between overground and underground storage, according to people familiar with the matter, who asked not to be named.

The world’s most populous nation has been one of the most impacted by the near-total closure of the Strait of Hormuz. The crisis exposed a heavy dependence on energy imports from the Middle East, but also laid bare the limits of stockpiles that should have acted as a buffer. New Delhi currently has strategic crude reserves of about 39 million barrels, enough to cover around eight days of imports. That’s a fraction of the amount held by Asia’s other energy-consuming powerhouse — China — though inventories held by refiners and fuel retailers can together meet more than 70 days of oil demand.

Strategic crude storage capacity is already being expanded with underground caverns on the country’s east and west coasts that will add more than double existing reserves, the people said, citing a plan that is expected to be achieved in about five years. The aim is to eventually have at least 120 million barrels, they added. Reserves of LPG and LNG, however, are almost non-existent, due to the difficulties with storing both — LPG is stored under pressure as a liquid, while LNG has to be kept in super-cooled temperatures. Both require rigorous safety protocols to avoid leaks or explosions.

Developer proposes strategic oil storage on Canada’s East Coast

(S&P Global; June 29) - Private developer Triple Point Resources is proposing construction of Canada's first strategic petroleum reserves for crude storage in salt caverns on the nation's eastern coast, with a nameplate capacity up to 100 million barrels, driven primarily by changes in global energy security and a growing need for sovereignty, CEO Julie Lemieux said June 29.

"A prefeasibility study has been completed, and an option would be to build 15 caverns," Lemieux said, each with a capacity of 5 million to 6 million barrels. "With the current geo-political crisis, Canada was not caught off-guard in terms of production," Lemieux said. "But we are the only G7 nation without a SPR, and we believe the time has come for that scenario to change." The facility would be at Fischells, Bay St. George, in

Newfoundland and Labrador, and would entail an overall investment of some C$1 billion ($705 million) over time for storage tanks and transshipment facilities, she said.

The stockpile of oil for the planned SPR could be sourced from offshore Newfoundland and Labrador, another sovereign country that would like to store crude on the eastern seaboard of North America and benefit refineries on the U.S. and Canadian east coasts, she said. Lemieux did not provide a timeline for submitting the proposal for government review. Canadian oil production is forecast to reach 5.786 million barrels per day in 2027, up from 5.527 million this year, S&P Global Energy CERA said in June.

North Sea Brent output continues to decline

(Reuters; June 30) - No cargoes of North Sea Brent crude oil are scheduled to load in August as production steadily declines, traders told Reuters on June 30, marking a milestone for the global Dated Brent oil benchmark, which prices over 60% of the world's oil. Brent crude from the North Sea lends its name to the global Dated Brent benchmark, used for pricing physical cargoes and underpinning Brent crude futures and other derivative contracts. Over time, S&P Global Energy, known as Platts, which manages the benchmark, has added other crudes to boost liquidity.

August is the first month in which no Brent cargo is scheduled to be shipped, according to a loading plan seen by Reuters and LSEG data going back to 2007. "What is left of Brent is just a brand name of the most important crude oil contract in the world," said Adi Imsirovic, a Brent expert and veteran oil trader. "At some stage, Brent crude will disappear, but the contract is likely to remain for many years to come."

Brent is one of five North Sea grades that underpin the Brent complex, along with Forties, Oseberg, Ekofisk and Troll. Platts also added U.S. crude WTI Midland in 2023 to bolster liquidity. The drop in volumes has raised questions on Brent's future inclusion in Dated Brent. Brent loadings have averaged around 23,000 barrels per day in 2026 so far, or around one cargo per month, less than a quarter of the volume a decade ago, according to LSEG data. Combined loadings of all five North Sea grades will average around 474,000 barrels per day in August.

Thailand looking at investment in U.S. LNG projects

(Bloomberg; June 30) - Thailand is considering investments in U.S. liquefied natural gas export projects, according to people familiar with the matter, as the Southeast Asian importer of the fuel looks to shore up its energy security needs. State-owned PTT is in discussions with developers for equity and supply on a long-term basis, including with Woodside about its Louisiana LNG facility, said the people, asking not to be identified because the matter is confidential. Talks are still in the early stages, they added.

The U.S. is just one of the countries where PTT is looking for opportunities to expand its LNG portfolio, the company said in a statement to Bloomberg, without elaborating. Woodside declined to comment. Several leading Asian importers including Thailand have seen their LNG supply upended by the Iran war, which has choked off shipments from the Middle East and driven up prices. The Southeast Asian nation has a long-term contract with Qatar but has been forced to take costly spot cargoes to meet demand.

Efforts to diversify supply away from the Middle East following the war have prompted growing interest in Woodside's Louisiana LNG plant, Chief Executive Officer Liz Westcott said in May. The goal for the project, which is currently under construction, is to begin shipments in 2029. Separately, the Thai government is planning to accelerate investments in LNG import infrastructure, with the construction of new data centers expected to significantly increase demand for electricity, Energy Ministry Permanent Secretary Prasert Sinsukprasert told reporters earlier this month.

Canada pitches itself as trusted energy supplier to Japan

(Bloomberg; June 30) - Canada is positioning itself as a trusted energy and critical minerals partner for Japan, as turbulence in the Strait of Hormuz disrupts global energy flows and Beijing curtails rare earth exports to Japan due to diplomatic tensions. "It's important for our economic security that we work together with partners and allies to get those out of the ground and stabilize our industries, and really make sure that we all benefit from some of these transactions," Canada's International Trade Minister Maninder Sidhu said after a trip with a trade delegation to Japan.

The trip came as resource-poor Japan seeks to diversify its supply of energy after the Middle East conflict disrupted energy supplies, and amid simmering political tensions between Beijing and Tokyo that have spilled over into trade restrictions targeting Japan. Sidhu said he had a wide-ranging discussion on economic security, supply chains and food security with Japan's Foreign Minister Toshimitsu Motegi, adding that they had agreed to seek further avenues of cooperation.

Energy has long been a strategic vulnerability for Japan, which does not have a wealth of resources and has depended almost entirely on imports to power its economy. The Alberta government is talking with Japanese counterparts to look into the export of crude oil to Japan. Japanese trading company Mitsubishi has also invested in Canada's first large-scale LNG export project. Earlier this year, Mitsubishi said it was in talks with partners on expanding output at the LNG Canada facility in Kitimat, British Columbia.

[Italy’s Eni and Abu Dhabi company invest in Argentine LNG project]

(Bloomberg; June 29) - Italian energy giant Eni and the XGR investment unit of the Abu Dhabi National Oil Co. agreed to buy stakes in a liquefied natural gas production and export project in Argentina. XRG and Eni will each acquire 32% in three upstream blocks in the South American country’s Vaca Muerta basin, according to statements from the companies on June 29. Argentina’s SA will retain 36% of the assets, which will be part of an integrated LNG development, according to the statements.

The deal comes as XRG seeks to build a global business in gas, chemicals and other energy supply and trading to diversify its income and supply sources and tap into new markets. Abu Dhabi has earmarked $150 billion for investment over five years, mainly to expand oil and gas production capacity, even as the recent conflict in the Persian Gulf has interrupted supplies from the energy-rich region. Eni has discovered gas deposits from the Mediterranean to the coasts of Africa as it develops LNG operations to ship the fuel globally. The Italian company is also developing offshore gas fields in Abu Dhabi.

[Russia’s Arctic LNG projects send cargoes east toward Asia]

(High North News; June 29) - Russia has launched its summer Arctic liquefied natural gas export season with cargoes from both its flagship Yamal LNG project and the sanctioned Arctic LNG 2 plant heading east toward Asia, underscoring Moscow’s determination to maintain exports along the Northern Sea Route despite mounting Western sanctions. The developments mark the first simultaneous eastbound shipments this summer from Russia’s two Arctic LNG projects, pointing to another active navigation season along the ice-covered route linking the Russian Arctic with Asian markets.

An Arc7 ice-class LNG carrier loaded a cargo at Arctic LNG 2 on June 26 before turning east along the Northern Sea Route behind a nuclear-powered icebreaker. The cargo is particularly significant because the ship appears to have loaded from Train 2 of Arctic LNG 2. That unit has struggled with operational problems since it produced its first cargo just over a year ago. Train 2 has supplied only two cargoes in total, highlighting the technical difficulties facing Novatek, the project’s majority owner, after redesigning the train to use an electric-drive system following the withdrawal of Western suppliers.

Only one of the train’s two liquefaction units has been operating consistently because just half of the power plant required to supply electricity has been delivered to the site. Two power plant modules remain in China, limiting the production unit’s operating capacity. The latest loading could signal that Novatek intends to make another attempt to bring Train 2 into more regular operation during this year’s Arctic shipping season, potentially expanding the project’s export capacity after last year’s limited production.

Spain adds to calls for delay in EU ban on all Russian LNG

(High North News; June 30) - Spain's calls to postpone the European Union's upcoming ban on Russian liquefied natural gas imports have highlighted persistent concerns over the bloc's energy security, even as Brussels continues to insist it will press ahead with the measure when it takes effect in six months. Ivan Jimenez, the head of Spain's Port of Bilbao, one of Europe's largest LNG import hubs, said the EU should reconsider the timing of the Jan. 1, 2027, ban, warning that replacing Russian volumes too quickly would leave Europe increasingly dependent on U.S. LNG and reduce supply diversity.

While Jimenez said the bloc should ultimately eliminate Russian gas imports, he argued that the transition should be more gradual to avoid undermining Europe's energy resilience. His comments come despite Spain's Energy Minister Sara Aagesen reiterating that Madrid supports implementing the ban on schedule. The remarks are the latest sign that concerns over the feasibility and economic impact of the EU's gas phase-out continue to surface, despite the legislation having already been adopted and repeatedly defended by European leaders.

The EU formally approved the legislation in January after nearly four years of efforts to unwind its dependence on Russian gas following Moscow's invasion of Ukraine in 2022. The regulation introduced a phased approach designed to minimize market disruption. Imports under short-term contracts have already been phased out, while a ban on transshipment services for Russian LNG destined for non-EU countries entered into force earlier as an initial step to curb Russia's global exports.

Europe will enter heating season with lowest gas storage in 15 years

(Financial Times; London; June 28) - Europe is set to enter the heating season with the lowest gas storage levels in at least 15 years, threatening higher prices for businesses and households this winter. Storage facilities in the European Union are forecast to end the critical gas restocking season, which typically runs between April and October, only 76% full, according to the consultancy Wood Mackenzie. That would be the lowest peak for stored gas since at least 2011, according to data from Gas Infrastructure Europe.

The low levels come after the U.S.-Iran war cut off shipments of liquefied natural gas through the Strait of Hormuz. EU storage facilities started the restocking season only 28% full after a particularly cold winter, a lower level than normal for the time of year. They are currently 48% full on average, according to GIE. European gas prices soared after U.S.-Israel attacks on Iran at the end of February, but they have been relatively stable recently even before Washington and Tehran struck an interim peace deal.

"We're at a critical stage of the summer for Europe's gas restocking plans," said Natasha Fielding, an analyst at Argus Media. "While the announced U.S.-Iran deal has pushed down gas prices and raised hopes for a flood of Mideast Gulf supply returning to the market, the longer we see constrained LNG supply, the lower start-of-winter European gas stocks will be and the bigger the chance of winter price spikes."

Shell expects LNG market to resume growth in 2027

(Wall Street Journal; June 30) - Global supply of liquefied natural gas could contract this year if disruption in the Strait of Hormuz continues for a prolonged period, according to British energy major Shell. The company said on June 30 in its annual LNG report that global physical LNG cargos sold this year could be similar to the 422 million tonnes sold in 2025. It then expects a return to growth in 2027.

However, the forecast is dependent on shipping through the waterway returning to normal levels this summer. Continued disruption over the remainder of the year could result in a rare annual supply contraction, Shell said. Prior to the conflict, Shell had expected global LNG sales to increase significantly in 2026. This growth was undone by the war in the Middle East that upended global energy markets and left a fifth of global LNG supply unable to exit the vital waterway. Energy infrastructure in the region has also been hit, denting supplies over the near term.

Despite the conflict highlighting vulnerabilities in LNG supply, global demand is set to soar to nearly 700 million tonnes a year by 2050, Shell said. This is an increase of around 65% from 2025 levels. South and Southeast Asian countries will account for around 40% of global LNG imports by 2050, according to Shell. Growing populations and power demand from data centers will fuel much of this. New supply will be powered by the U.S., which accounts for close to 60% of continuing LNG liquefaction projects, far ahead of Qatar's 15% in second place, according to the International Energy Agency.

Spending on gas exploration increases in Australia

(Reuters; June 29) - Energy exploration has picked up sharply in Australia, driven by growing Asian gas demand, technological advances and an improved investment climate, with the Iran war underscoring the urgency to develop supply after years of sluggish spending. Quarterly oil and gas exploration spending in Australia, the world's No. 2 liquefied natural gas producer, hit a 10-year high of A$471 million (US$329 million) in the March quarter, government data released in June shows.

Energy investment sentiment has improved in part following last year's election of a more supportive second-term Labor Party government, which faces pressure to fill a looming end-of-decade domestic gas shortfall without harming valuable LNG exports. Exploration spending is expected to increase about 10% in 2026 to more than $1 billion,

according to Rystad Energy, although Canberra's move last month requiring that 20% of gas be set aside for domestic use has sparked industry backlash.
Much of the drilling is focused on three gas-rich regions: the Otway Basin offshore western Victoria, the Beetaloo shale in the Northern Territory, and the Taroom Trough in Queensland. Among them, the Otway is the most established and is close to existing infrastructure. While the search for more gas and oil in recent years has been concentrated onshore, costlier and riskier offshore investment is on the rise. "We're seeing renewed interest in frontier and unconventional plays as modern techniques de-risk development," said Krishan Pal Birda, vice president at Rystad Energy.

Household power bills will reach record high in Singapore

(Bloomberg; June 30) - Power bills for households in Singapore will hit a record high next quarter as the impact of the U.S.-Iran war feeds through, highlighting the inflationary fallout from the conflict even as regional tensions ease. The charge will rise 17% to 31.91 Singapore cents ($0.25) per kilowatt hour for the July-to-September period, grid operator SP Group said in a statement. That's the highest to date, and tops the previous peak of 30.45 cents in the fourth quarter of 2008 following a surge in fuel costs, according to emailed comments from the Energy Market Authority.

Singapore relies largely on imports of natural gas to generate electricity, and the authorities adjust tariff charges each quarter based on prices over the first two-and-a-half months of the prior period. The overall electricity tariff — a category that includes non-households — will increase by 17.5% compared with the previous quarter, SP Group said. More than 1 million households living in the public-housing system will receive rebates to help offset utilities expenses, the Ministry of Finance said on Tuesday in a regular update on payments.

Earlier this month, Prime Minister Lawrence Wong warned the economy had yet to feel the full impact of the war, and uncertainty remained. Last year, Singapore bought more than 40% of its LNG from Qatar, according to ship-tracking data compiled by Bloomberg. This year — following disruptions in the Middle East, including in Qatar — the nation has bought enough supply to last through the year-end, with spot shipments secured from regions outside the Persian Gulf, state buyer Singapore GasCo has said.