Oil and Gas News Briefs
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OPEC at critical juncture to hold itself together

(CNN analysis: July 6) - The Iran war exposed a long-simmering feud within the world's most powerful oil cartel, boiling over this spring when it contended with the biggest oil supply shock in history. Now OPEC, the consortium of oil-producing nations, faces a fight for its existence. The Strait of Hormuz has started to reopen, and some OPEC nations are clamoring to ramp up oil production to make up for lost time and sales. That's reigniting age-old feuds about production quotas that already led the United Arab Emirates, one of OPEC's most significant members, to leave the group in April.

OPEC is confronted with a critical choice: Keep the group together and send oil prices into the ground, or drive profit higher and risk dismantling the nearly 70-year-old cartel. Now that traffic in the strait has started to ramp up again, the jockeying for production quotas has begun. Iraq, the bloc's second-largest oil producer, is reportedly the next shoe to drop — the country's oil minister told Bloomberg that Iraq would have to decide whether or not to remain with OPEC if production targets don't dramatically increase.

Iraq's production was the hardest hit by the war, dropping by 75% to just over 1 million barrels a day in April and May — down from more than 4.5 million a day in January and February. Iraq wants permission to produce a record 5 million barrels a day coming out of the war, Bloomberg reported. "What's the motivation? They need the cash!" said Jay Hatfield, CEO of asset manager Infrastructure Capital Advisors. The ultimate decider will be Saudi Arabia, by far the largest OPEC member with the most control over the group.

"In this situation, it seems counterproductive to flood the market and push prices lower," said Dan Pickering, founder at Pickering Energy Partners. That's why OPEC has been clear: It will be judicious with its increases while it engages in dialog with its members. OPEC is fraying at the edges and has tremendous incentive to keep the gang together.

Oil prices jump after Trump declares ceasefire has ended

(Bloomberg; July 8) - Oil jumped above $80 a barrel after U.S. President Donald Trump said a tentative ceasefire with Iran was over, reigniting geopolitical risk premium in prices and triggering investor concern about supply disruptions. Brent futures surged about 8% to trade near the highest levels in more than two weeks, while West Texas Intermediate also jumped, rising to about $75.50 a barrel.

Trump warned oil prices could rise further as the administration mulls further strikes on Iran that may include a "takeover" of Iran's key oil export hub of Kharg Island.

Overnight, U.S. forces completed strikes on more than 80 targets after Iran launched a series of attacks on merchant ships a day earlier. Those three incidents — targeting a Qatari liquefied natural gas carrier and two large oil tankers — marked the biggest day of attacks since an interim peace deal came into effect in June.

Oil's rebound signals the potential for a fresh wave of disruptions for energy markets still reeling from the biggest supply disruption in history. The renewed hostilities stand to complicate decisions facing shipowners and regional producers over navigating the Strait of Hormuz. Iran has insisted that it controls the waterway and that transits without its permission aren't valid. Iran told the UN's shipping watchdog on July 7 that it has the right to control parts of the strait. Before the latest strikes, the U.S. revoked a sanctions waiver that had allowed Tehran to sell oil, reversing a key part of the interim peace deal.

China increases purchases of discounted Middle East oil

(Financial Times; London; July 6) - China has stepped up its purchases of oil from producers in the Middle East in recent days, with deep discounts offered by its main supplier Saudi Arabia on July 6 seen as likely to boost its buying. China bought at least 26 million barrels for delivery in July or August through tenders and one-off purchases from trading firms, with cargoes from Qatar, Saudi Arabia, the United Arab Emirates and Iraq, according to price-reporting agency Argus.

This is much more than normal through these types of purchases. Before the war, China typically bought about 5.5 million barrels a day from the Middle East, mostly through formal processes run by Gulf producers such as Saudi Aramco. China's return to crude markets is being closely watched by oil traders as its decision to scale back purchases from the region after the outbreak of the Iran war helped cool global markets.

Saudi Aramco on July 6 offered deep discounts in response to the partial opening of the Strait of Hormuz. The discount on its flagship crude, Arab Light, to Asian buyers is at its deepest since June 2020, when the kingdom was locked in a price war with Russia. Analysts view the move as likely to boost Chinese purchases from the Middle East. However, they said Beijing would seek to avoid sending strong signals about a return to Mideast markets for fear of reversing price drops. China "knows visible restocking could trigger a rebound," said S&P director of oil trading research Zhuwei Wang.

China may wait until prices fall further before buying more oil

(Bloomberg commentary; July 7) - China giveth and China taketh away. Beijing managed to do both these things at once in its response to the Strait of Hormuz oil shock. By massively reducing its oil imports, it became the "invisible hand" that stopped prices from reaching $200 a barrel. But what if much of its withdrawal of demand is permanent, not temporary? China hasn't started buying oil in the same amounts as before. For many this is merely a question of when, rather than if. I'm less certain.

What I am sure of is that whatever Beijing does next could determine the oil price for years. If it buys again with gusto, prices will probably rise toward $80 a barrel. If it doesn't, the current mini-glut in the market could become a structural change, keeping prices lower later in 2026 and 2027, possibly in the $60-$65 range. Of course, deciphering China's vast energy industry, driven by government diktat, is hard.

Traders betting today on the price rising or staying high assume China's old pattern of inventory building will return — and quickly. But I don't think China will top up its stockpile immediately unless prices fall further. With Brent currently trading above $70 a barrel, Beijing has little incentive yet to restock. Importantly, China has time on its side. Assuming oil flows rebuild, the petroleum market is heading for a significant surplus next year. My industry soundings suggest it would be then that Beijing returns to buying at scale, acting as a stabilization force that puts a floor on the price.

Saudi Arabia offers crude to Asian buyers at a discount

(Bloomberg; July 6) - Saudi Arabia has made big reductions to its main crude oil price for buyers in Asia, selling barrels at a discount for the first time since it embarked on a price war in 2020 as a surge of global supply heightens competition to find buyers. State producer Saudi Aramco will lower the price of its Arab Light oil for next month by $11 a barrel to $1.50 below the regional benchmark, according to a price list published July 6.

The last two times it sold the grade at a discount were during price wars in 2020 and 2015, while it marks the largest monthly reduction in official selling prices since at least 2000. The retreat underscores the speed with which Persian Gulf producers have ramped up flows through the Strait of Hormuz after an interim U.S.-Iran deal, pressuring markets for physical barrels and forcing producers to lower their prices. In recent weeks, Brent crude futures have erased all of their gains from the conflict and real-world crude has traded with discounts not seen since the COVID-19 pandemic.

Even with the cut, several Asian buyers said the Saudi prices are more expensive than supplies from other regional producers available for immediate purchase, a sign there could be further reductions ahead if the amount of crude available remains elevated. Official price "cuts for August loading reflect the overhang of prompt cargoes," said Ahmed Mehdi, an oil analyst at Renaissance Energy Advisors, adding that the plunge wasn't a sign of a price war but rather a function of "Hormuz's messy normalization." He added, "Pricing needs to be competitive enough to reinvigorate Chinese interest."

Russia’s Ural grade crude falls to $41.66 a barrel in early July

(Bloomberg; July 6) - Russia’s flagship crude price has slid to levels seen before the conflict in the Middle East, piling more pressure on Kremlin coffers that are already strained by the invasion of Ukraine. The Urals grade averaged $41.66 a barrel at Russia’s western ports in the first three days of July, less than half the level during the height of the oil market turmoil in April, according to Argus Media data.

The initial figures signal a headache for Moscow, which enjoyed windfall revenues driven by the Middle East conflict. Russia had emerged as one of the big winners when the effective closure of the Strait of Hormuz choked off Persian Gulf supplies, while U.S. sanctions waivers helped stoke appetite for the country’s barrels. Every month since March, Urals crude averaged more than the $59 a barrel assumed in the budget for this year, including $60.92 a barrel in June when traffic through Hormuz picked up.

A surge in revenues allowed Russia, which relies on oil and gas to fund about a fifth of its budget, to resume replenishing its rainy-day fund for the first time in almost a year and delay cutting non-priority spending. Now, if prices remain below the budget threshold for a prolonged period of time, that would further complicate the Kremlin’s ability to keep a widening deficit in check, with a costly war against Ukraine well into its fifth year. In the first five months of this year, the fiscal gap grew to 6 trillion rubles ($77 billion), or 2.6% of GDP, exceeding the target for the whole of 2026 by roughly 60%.

Iran war reminded Asia that it needs to diversify energy portfolio

(Bloomberg; July 4) - There is still no lasting peace deal in the Persian Gulf, but energy-hungry Asia is already drawing energy lessons from four months of war: It needs bigger buffers, a greater diversity of fossil fuel suppliers, and a better mix of power sources overall. Flows of oil and natural gas have been returning to normal and prices have tumbled since an interim U.S.-Iran accord was signed last month that pried open the Strait of Hormuz, relieving the immediate sense of crisis.

But the consequences of the historic shock still stand to be far-reaching. Policymakers are recalibrating their energy priorities — and nowhere more so than Asia, a key consuming region for Middle Eastern oil and gas. India has said it plans to build strategic reserves of crude, liquefied petroleum and natural gas, while Indonesia and Malaysia are looking to raise the amount of palm oil blended into diesel — a move to bolster energy security and cut back consumption.

Japan may upgrade refineries so that they can process crude from a greater range of suppliers. Almost everywhere, a push toward renewable energy has gained urgency. “The Iran war has been a stark reminder that energy security remains one of Asia’s biggest vulnerabilities,” said Warren Patterson, head of commodities strategy for ING Groep in Singapore. “Governments should, and are likely to, focus on diversifying energy supplies, building strategic reserves and accelerating the energy transition. Resilience comes from a more diversified energy system."

India adds to refining capacity as U.S. and Europe scale back

(Bloomberg; July 4) - India will continue to build new crude oil refineries in order to ensure supply chain security even as Western nations shut processing units, Prime Minister Narendra Modi said. "No new refinery has come up in the U.S. in the past five decades and capacity in Europe has also been constantly declining," Modi said on July 4, as he inaugurated the country's first new refinery in a decade. He said India will continue to expand capacity.

The 180,000-barrel-a-day greenfield refinery in the heart of Rajasthan's Thar desert, built at a cost of $8.3 billion, is likely to be the only new refinery commissioned globally this year, according to BloombergNEF analysts. The facility expands India's refining capacity at a time when much of the West is shutting plants and investment elsewhere has slowed, highlighting New Delhi's strategy of betting that robust domestic fuel demand, slower-than-expected electric-vehicle adoption and exports of refined products will continue to justify billions of dollars in new oil-processing infrastructure.

"The Barmer refinery adds a highly complex refining capacity in one of the world's long-term oil demand growth drivers," said Claudio Lubis, an analyst with BloombergNEF. "We expect India to lead global refinery capacity additions between 2026 and 2030, adding over 1 million barrels a day. This would account for just under a quarter of global capacity additions by the end of this decade," he said.

LNG trade hit record last year, but high prices could hurt growth

(Reuters; July 7) - Global liquefied natural gas trade hit a record last year as strong U.S. exports and rising European imports offset weaker Asian purchases, the International Gas Union said in a report. But conflict in the Middle East could lead to a contraction in demand in 2026, it warned. "The conflict in the Gulf has damaged LNG infrastructure, clouded the outlook for the region's expansion projects, and exposed Asian buyers to flow uncertainty and higher prices," IGU President Andrea Stegher said.

Global LNG trade rose 6.3% to 436.98 million tonnes in 2025, the fastest rate of growth since 2022, the IGU said. Europe had the biggest increase in imports, up 26.1 million tonnes to 126.2 million, as it replenished inventories and replaced Russian gas flows. Asia-Pacific remained the largest LNG-importing region, at 168.7 million tonnes, though imports to Asia were down 9.2 million, due mainly to lower demand in China and India.

China remained the world's largest LNG importer at 69.77 million tonnes, but imports fell 8.9 million year-on-year. Japan was the second-largest importer at 67.37 million tonnes, while South Korea increased imports by 1.7 million to 48.67 million tonnes. The IGU said prolonged periods of elevated LNG prices could weigh on demand growth in emerging Asian economies, particularly in South and Southeast Asia.

LNG terminal on Mexico's Baja coast exports its first cargo

(Bloomberg; July 8) - Sempra Infrastructure's liquefied natural gas project on Mexico's West Coast has exported its first shipment, according to ship-tracking data compiled by Bloomberg, providing some relief to a market grappling with the fallout from the war in Iran. TotalEnergies' Pacific Success tanker left the Energia Costa Azul plant at Ensenada in Mexico's Baja California state late July 7, according to the data. The tanker's draft level had increased, indicating that it had loaded a cargo.

The vessel moored at the facility after traveling across the Pacific from a port in South Korea. The terminal began producing LNG in June and joins a growing list of projects designed to service Asia's fast-growing customers from North America's West Coast. The terminal sources gas from the U.S. for liquefaction and export to Asia. The plant's first phase is 3.25 million tons a year, with a much larger second phase under development, according to Sempra Infrastructure.

The $2 billion project has 20-year offtake deals with TotalEnergies and Japan's Mitsui for 1.7 million tonnes per year and 800,000 million tonnes per year, respectively.

Abu Dhabi ruling family invests in U.S.-based LNG company

(Bloomberg; July 7) - An investment firm owned by members of Abu Dhabi's ruling family will invest $1.13 billion in Houston-based liquefied natural gas company MidOcean Energy. The Private Department of Sheikh Mohammed bin Khalid Al Nahyan and EIG, the private equity firm that formed MidOcean, also established a partnership to develop energy and infrastructure investment opportunities in the United Arab Emirates and "selected regional markets," according to a statement on July 7.

The funding is the first in the LNG sector for the Private Department, which has also operated as a real estate company focused on the development of residential and commercial towers and shopping malls. Global demand for LNG is expected to surge as countries switch to lower-emission energy sources and as gas is used to power data centers. MidOcean holds stakes in gas export plants in Australia, Peru and Canada, but none yet in the Middle East.

The company, which is also backed by Saudi Aramco, is in talks to add an LNG venture in Argentina to its portfolio. MidOcean was created and is managed by private-equity firm EIG, which is headquartered in Washington, D.C.

[Nigeria moves closer to $3 billion floating LNG project]

(Reuters; July 8) - Nigeria's UTM Offshore said on July 7 it had secured a 15-year gas supply agreement, removing a major obstacle to a final investment decision on its $3 billion floating liquefied natural gas project, now expected in the fourth quarter after delays. Under the agreement, a joint venture between Nigeria's state-owned NNPC and independent Seplat Energy Producing Nigeria will supply 200 million cubic feet of gas per day to the FLNG project, designed to produce 1.8 million tonnes of LNG per year.

"The execution of this agreement establishes the long-term feed gas framework needed to advance project financing, construction and operations," UTM Offshore Chief Executive Julius Rone said at the signing ceremony in Abuja. Rone said the agreement would provide certainty for investors, lenders and LNG buyers and position the project for a final investment decision in the fourth quarter of 2026.

The project, in which NNPC holds 20%, UTM Offshore 72% and Delta state government 8%, received Nigeria's first license for a floating LNG export facility in 2024 as the nation seeks to monetize large volumes of stranded gas reserves and expand LNG exports. Nigeria holds some of Africa's largest gas reserves but has struggled for decades to convert much of the resource into commercial exports and domestic industrial use because of funding constraints, infrastructure gaps and regulatory uncertainty.

[Australian LNG windfall profits draw public backlash]

(Bloomberg; July 5) - Australia’s liquefied natural gas exporters should be riding high on a A$20 billion (US$14 billion) sales windfall from the conflict in the Middle East. Instead, their good fortune has triggered a wave of public backlash. A war-driven surge in profits has amplified complaints that Australians are being shortchanged by its tax regime on LNG exports, with lawmakers from both ends of the political spectrum questioning why the gas-rich country remains exposed to high prices and potential shortages at home.

The Australian LNG export industry’s earnings for the fiscal year to June 2027 are forecast to hit A$65 billion ($45 billion), up over 40% from an outlook before the near-closure of the Strait of Hormuz choked global supply, according to the resources and energy report released July 3. Polling indicates that more than three in five Australians back a 25% tax on gas exports. About 80% of gas produced in Australia is exported.

A wave of new LNG projects over the past two decades has made Australia one of the world's top exporters, with the fuel its third most valuable export after gold and iron ore. The two biggest oil and gas producers, Santos and Woodside, are expected to post a combined net income of nearly $6 billion in 2026, according to analysts surveyed by Bloomberg — double the year-ago estimate. However, strong earnings have sharpened criticism that Australia's LNG industry is benefiting shareholders more than the public. That raises the political risk around future gas export projects.

Vietnam may turn to more coal power to replace LNG

(Bloomberg; July 8) - Vietnam is considering developing more coal-fired capacity to meet its power needs as the U.S.-Iran war constrains supplies of liquefied natural gas. "Recent conflicts in the Middle East have impacted the supply of LNG, creating a need to strengthen energy security," the country's trade ministry said July 7. The government is proposing adjusting its power development plan to add alternative sources of electricity, including "developing coal-fired power capacity on an appropriate scale."

The potential move highlights how Asian nations are looking to diversify their power sources as LNG supplies remain choked and prices elevated. Countries from South Korea to Bangladesh are leaning more on coal as a power source, while nations such as the Philippines are taking steps to speed up the development of renewable energy. While Vietnam only began importing LNG in 2023, the government has had ambitious plans for the super-chilled fuel to make up as much as 12% of its power mix by 2030.

The Southeast Asian nation currently depends on the spot market to secure its LNG supplies, where prices are currently 70% higher than pre-war levels. Vietnam remains heavily reliant on coal, with more than half of its electricity generated from the fossil fuel in the first half of the year, according to state-owned utility EVN.

Global LNG industry dependent on South Korean, Chinese shipyards

(Reuters; July 8) - The biggest expansion of global LNG supply on record, led by the United States and Qatar, could be slowed as most of the ships needed to transport the fuel are being built in South Korea and China, a Wood Mackenzie report said on July 8. "The LNG industry talks constantly about energy security, diversification and resilience," Ikram Elloumi, director of research at Wood Mackenzie, said in the report. "Yet one of its most critical dependencies — the ability to physically move gas — rests on a supply chain it does not control and cannot quickly replicate."

More than 260 LNG carriers are on order for delivery starting in 2027 to support export projects led by the U.S., Qatar and Africa. About two-thirds are being built in South Korea, with most of the remainder under construction in China. South Korean and

Chinese shipyards dominate LNG carrier construction on the basis of decades of technological investment and expertise. The concentration raises the risk of delays and rising vessel costs, the Wood Mackenzie report noted.

Marine shipping industry loses faith in ammonia and hydrogen

(Financial Times; London; July 5) - The shipping industry's backing for green power has sunk as the majority of vessel owners stick to traditional dirty marine fossil fuels or explore alternatives including nuclear energy. Data from the International Chamber of Shipping's latest annual survey of shipping executives shows that confidence in ammonia or hydrogen becoming viable fuel sources has plummeted this year as they prioritize cost and availability over tackling rising carbon emissions.

Belief that ammonia will become a commercial reality in the next decade fell from 31% of shipping executives last year to 12% this year. Their confidence in hydrogen fell from 18% to 10%. By contrast, confidence in traditional fuel oils as the most viable option rose from 41% last year to 50% — despite the global disruption to supply chains driven by the Iran war. The data reveals fracturing of the industry into several camps backing different technologies and fuels amid a decline in the willingness of cargo owners to pay a "green premium" for cleaner shipping, according to a Boston Consulting Group report.

Shipping accounts for about 3% of all global emissions, and 11% of those from transport. "Everybody wants to be green, nobody wants to pay for it," said Alexander Saverys, chief executive of CMB Tech, one of the largest listed shipping companies. Despite the 176 member countries of the International Maritime Organization previously agreeing to pursue a goal of cutting shipping emissions to "net zero" by 2050, this year the proposal all but fell apart. The negotiations that would have cleared the way for the first global carbon-pricing effort ran into aggressive blocking tactics led by the U.S.

Alberta and Ontario unveil proposal for west-to-east energy corridor

(CBC Canada; July 6) - The premiers of Alberta and Ontario unveiled a proposed 2,050-mile pipeline to transport oil from Western Canada to refineries in southern Ontario. The pipeline would transport an estimated 500,000 barrels per day of oil, with possible expansion to 800,000 barrels per day. Alberta Premier Danielle Smith and Ontario Premier Doug Ford made the announcement on July 6 in Calgary. They unveiled a proposed route that would begin at Hardisty, Alberta, and travel near Regina and Winnipeg before reaching Sarnia, Ontario.

The project is still in its infancy and there is no estimated price tag or timeline. Last fall, the Ontario government launched a feasibility study to develop the project, including looking at potential costs. The provincial government is also beginning consultation with

Indigenous communities. The pipeline proposal follows a prior agreement among Ontario, Alberta and Saskatchewan to pursue an energy corridor.

The vision for the corridor is to carry oil, gas and other energy products from Alberta and Saskatchewan to refiners and ports in southern Ontario. Ford's office said the feasibility study has cost C$11 million to date, with completion expected by the end of the year. The Manitoba government refused to join the initiative because Indigenous groups were not involved from the start. Premier Wab Kinew said Manitoba will pursue large-scale projects that begin with Indigenous partnership rather than consultation after the fact.

Greek shipping companies profit from moving Russian oil

(Financial Times; London; July 6) - Greek shipping companies have made at least $3.8 billion transporting Russian oil over the past three years, even as G7 nations sought to curb the Kremlin's oil revenues. The company that made the most from the trade was Dynacom Tankers, founded by Greek shipping billionaire George Prokopiou. Dynacom made at least $915 million in revenues shipping Russian crude since July 2023, according to Financial Times calculations.

The Onassis Group's Olympic Shipping and Management made at least $404 million, while Stealth Maritime and Polembros Shipping, both Athens-based companies, have made more than $200 million. The role of Greek shipowners in moving Russian oil has been a source of tension between Athens and Kyiv. Several Greek tanker companies were listed by Ukraine's sanctions body in 2023 as being "international sponsors of war," but were later removed following pressure from the Greek government.

The oil trade is permitted as long as it falls within the rules of the G7 price cap. Yet the pressure to tighten sanctions regimes has stepped up in recent months as the U.S. and European Union try to weaken Moscow's hand ahead of a potential peace deal with Ukraine. Governments are seeking further restrictions on Moscow's energy revenues, which could halt the Greek trade. Of the top 20 companies that have made the most from Russian shipments since June 2023, eight are Greek.