Oil and Gas News Briefs
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China burns more coal to meet demand for power

(Reuters; June 23) - China's coal-fired power generation is set to rebound this year from its first fall in a decade, analysts said, due to the impact of El Nino and the Iran war and as renewable sources of energy have failed to keep pace with demand. The world's biggest power consumer increased its use of thermal power by 3.4% year-on-year in the first five months of the year to 2.53 trillion kilowatt-hours, statistics bureau data showed last week. Thermal power is mostly from coal, with a small amount from gas.

Consultancies S&P Global Energy and Wood Mackenzie expect coal-fired power to rebound by 1.5% to 2%, respectively, to 5.4 trillion kWh in 2026 from last year, while data analytics firm Kpler expects coal consumed in the power sector to rise some 3% to 2.7 billion tons. As China cuts liquefied natural gas imports to mitigate higher costs from the Strait of Hormuz blockade, S&P forecasts that gas power will fall 12% to 300 billion kWh, adding another source of incremental power demand as coal rises to fill the gap.

Rising prices are also pushing gas into the role of a peak-load supplier, meaning it won't be dispatched until power demand spikes, said Sharon Feng, special advisor at Beijing-based consulting firm Azure International. The rise in coal use highlights China's challenge in decarbonizing its power sector. Even as the world's second-largest economy aims to wean itself off coal, the electrification of its transportation fleet and data centers are further driving demand for more power.

Germany wants to stop burning coal, but its low cost is attractive

(BBC; June 21) - They have a word for it in German — kohleausstieg, meaning "coal phase out." Germany is the biggest user of coal to generate power in Europe, and the world's fourth largest after China, India and the U.S. But it has pledged to stop using it altogether by 2038. For lignite, the low-quality coal that is the most polluting, Germany has accelerated the phase-out to 2030. Currently, 20% of German power generation comes from coal, but it wants to end this as it focuses on growing wind and solar.

Germany already gets more than half of its electricity from renewables —59% last year. As back-up to wind and solar, especially for the winter months, it wants to replace coal with more natural gas power stations. These generally release half as much carbon dioxide as coal, and gas currently accounts for 13% of German electricity generation. However, the recent jump in global gas prices following the U.S.-Israel conflict with Iran has encouraged a number of countries to reconsider coal as an energy source.

The problem for the German government is two-fold: supply and price. Germany has an abundance of readily available, cheap lignite. It has the largest reserves in Europe and the third biggest globally. By contrast, it has to import 95% of its gas. So, when the cost of gas shoots up, switching back to the cheaper lignite is financially very appealing. Nuclear is not an option; Germany closed its last nuclear power station in 2023. Some just want a decision on gas or coal. "Our industry needs reliable energy," said Wolfgang Große Entrup, director general of the German Chemical Industry Association.

Oil and gas producers flared more gas for third year in a row

(Argus; June 23) - Hydrocarbon producers flared more gas than a year earlier for the third consecutive year, despite pledges from countries representing the majority of flared gas to eliminate routine flaring by 2030. Global gas flaring reached 5.9 trillion cubic feet in 2025, up from 5.5. tcf in 2024 and reaching the highest level since 2019. More gas was flared worldwide than was exported as LNG through the Strait of Hormuz in 2025, the World Bank said in its annual flaring report.

Greenhouse gas emissions from the flared volumes were equivalent to 429 million tonnes of carbon dioxide, of which 50 million tonnes came from unburned methane caused by incomplete combustion, the bank said. Gas flared in 2025 had an estimated value of $54 billion, based on U.S., European and Asian prices, according to the World Bank. Russia, Mexico and Iran were responsible for over 60% of the increase in flaring.

Flared gas decreased by 7% or 14 billion cubic feet in the U.S. — the largest single-country drop last year — thanks to the completion of the new Matterhorn Express gas pipeline, which relieved the bottleneck in Permian-associated gas exports.

LNG Canada asks permission to increase gas flaring

(The Tyee; Vancouver, B.C.; June 23) - LNG Canada is asking for permission to continuously flare vastly more natural gas than its current permit allows for its Kitimat. British Columbia, facility. The country’s first major liquefied natural gas export facility wants the provincial energy regulator to increase its flaring limit tenfold for the next three years. Having consistently breached its permitted flaring limits since it began production last fall, the company is seeking approval to continuously flare twice as much gas than its average output of routine flaring between September 2025 and March 2026.

LNG Canada has not released public documents on its forthcoming request for a more permissive routine flaring permit, but the company’s deputy chief operating officer, Teresa Waddington, disclosed the plans during a Kitimat council meeting in March and at a recent presentation to residents. If approved, the new limit would allow the facility to continually flare up to 300 tonnes of gas a day (about 15 million cubic feet), an increase from its current limit of 28 tonnes. The company said the new limit would accommodate operational problems that have led to higher-than-anticipated flaring volumes.

The problems have included a malfunctioning flare tip and a series of leaking valves. “When we started up, we thought this might be a learning curve,” Waddington said during her presentation to council. Kitimat Councillor Gerry Leibel said residents are reporting growing alarm about the flaring and its impacts on the community. In an email statement, an LNG Canada spokesperson said the facility’s current permit levels were “based on long-term, stable operating conditions” and “did not reflect the higher flaring volumes typically seen during start-up and early operations at an LNG facility.”

Oil prices fall into $70s as production, shipping ramps up

(Bloomberg; June 24) - Oil’s wartime price gains have evaporated as the U.S. and Iran log progress in peace talks and more tankers transit the Strait of Hormuz, easing fears of a supply crunch. West Texas Intermediate fell to settle near $70 a barrel on June 24, the lowest since the end of February just before the U.S. and Israel launched their war on Iran. Brent, the global benchmark, settled below $74, also the lowest since the war broke out. Oil prices are down about 40% from their high during the peak of the conflict.

“Oil is dropping sharply as the strait of Hormuz remains open and traders start to focus on OPEC, including Iran, potentially moving to maximum production,” Infrastructure Capital Management CEO Jay Hatfield said. “We forecast that WTI could drop below $60 over the next two months as production ramps and stocks rebuild.” Vessels are transiting Hormuz with their satellite signals switched on, indicating growing confidence among shipowners about safe passage of the chokepoint.

The International Maritime Organization also said it had received safety guarantees allowing hundreds of ships to exit the Persian Gulf. In a sign of how much oil has been leaving Hormuz in recent weeks, the International Energy Agency estimates that the United Arab Emirates is exporting oil at nearly 85% of pre-war levels. The resumed flows out of the Persian Gulf come as U.S. data showed domestic crude inventories plunged to the lowest since 1984. Stockpiles at Cushing, Oklahoma, dropped below 19 million barrels, slipping below levels many traders view as operational minimums.

Iranian crude flows to buyers as U.S. waives sanctions

(Bloomberg; June 22) - Iranian crude is flooding onto the global market again, just as the U.S. waives sanctions on the cargoes, permitting far more countries to buy the oil. More than 30 million barrels departed for Asia in the past week — a mix of crude that had been blockaded by the U.S., and exports from Kharg Island, the nation’s top export facility in the northern Persian Gulf.

Ultimately, because the gush mostly reflects a clear-out of cargoes that were blockaded, the export rate will drop again. Even so, the short-term surge could see Tehran benefit from increased sales at smaller price discounts given the potentially wider customer base that the sanctions waiver will allow. About 20 ships are anchored east of Kharg, which resumed loading tankers over the weekend after a six-week hiatus. More Iran-linked vessels, which had been anchored near Pakistan and Sri Lanka waiting out the U.S. blockade, are heading into the Persian Gulf to collect next cargoes.

The U.S. Treasury Department on June 22 waived sanctions on purchases of Iranian crude until Aug. 21, the end of a 60-day period during which Washington and Tehran will seek to negotiate a permanent peace deal. The waiver permits almost anyone to purchase and pay for Iranian crude — even U.S. refineries — in theory at least. In practice, the European Union has its own sanctions in place and other countries might need longer than 60 days to restore long-halted trading relationships.

Supertanker charter rates climb higher to move oil out of Persian Gulf

(Bloomberg; June 24) - One of the world's biggest operators of supertankers has provisionally booked a vessel to transport oil from the Persian Gulf to India at nearly nine times benchmark rates, a price that reflects the shortage of available ships in the area. South Korean shipowner Sinokor will supply the vessel at 897 Worldscale points, or 897% of the freight benchmark, according to shipbrokers. That's the highest so far this year, they added, asking not to be named as discussions are not public.

No dates, buyers or ports were mentioned in the provisional booking as details are still being finalized, they said. Sinokor did not respond to emails or telephone calls to its Seoul and Singapore offices. Having expanded aggressively in the tanker market since the end of last year, Sinokor has been among the more active players in the Persian Gulf through the war, and has continued to market its fleet.

Eager to balance continued risks around Hormuz and market opportunities emerging after an interim deal was signed between Iran and the U.S., shipowners have been repositioning their vessels. Some have already begun to redirect their tankers to the gulf, with around 65 empty VLCCs now able to reach the Gulf of Oman within a week. Sinokor owns around 25 of those, according to brokers. Worldscale rates, the standard measure of charter fees in the tanker industry, are set yearly for specific routes. Ships are booked at a percentage — also known as points — of this underlying rate.

Nations and oil producers look to bulk up storage for next crisis

(Reuters commentary; June 21) - Vulnerable countries that paid a high economic price during the Iran war are seeking to build domestic oil and gas storage buffers against future shocks, a drive that could bring roughly half a billion barrels of additional oil demand down the pike. Early in the conflict, all 32 members of the International Energy Agency agreed to a record 400-million-barrel release from strategic petroleum reserves. The drawdown validated a strategy forged after the 1973 Arab Oil Embargo, that IEA members must hold emergency stocks equal to at least 90 days of net imports.

China offered a second lesson. Although not a full IEA member, China has spent years building what is believed to be the world's largest SPR, holding more than a billion barrels to guard against such a scenario. Many vulnerable importers are now likely to expand their SPRs where fiscal space allows, while those unable to afford it may strengthen demand-reduction plans instead. Even energy producers are moving in this direction: Gulf national oil companies are seeking more storage outside the region.

Taken together, all these new storage plans could require around 500 million barrels of crude and refined products. Depleted inventories will also need refilling. Combined, that amounts to roughly 1 billion barrels of additional demand. Even if spread over several years, it would provide significant price support. The timing may be favorable. The IEA expects global oil supply to surge next year as Middle East production recovers, potentially outstripping demand by more than 4 million barrels per day. Even a major storage-driven demand increase might therefore not send crude prices soaring.

QatarEnergy says explosion will not affect plan to restart LNG exports

(Bloomberg; June 22) - Qatar said it doesn’t expect its liquefied natural gas exports to be impacted by an explosion at the Ras Laffan industrial complex which left 13 dead and 66 injured. Production has been halted at the world’s largest LNG facility since the first week of the war after an Iranian attack, triggering cargo cancellations. The Ras Laffan complex exported almost a fifth of global seaborne supply last year and its restart is being closely watched by gas traders around the world.

“QatarEnergy LNG facilities, Ras Laffan port, other logistical operations remain unaffected as a result of this explosion and fire and this will not affect in any way our export capabilities,” Saad al-Kaabi, CEO of operator QatarEnergy, said at a press conference on June 22. He added that an investigation into the accident has begun. The company also said local supply remains ample and isn’t expected to be affected.

The explosion and fire at the Barzan local gas supply facility on June 21 raised concerns about potential delays to restarting Ras Laffan, where the two damaged LNG trains require specialist cryogenic equipment and the time for repair is between three and five years. After it was forced to declare force majeure, QatarEnergy is eager to regain its reputation as a reliable supplier. Restarting operations is a complex process that requires carefully balancing pressure to avoid damage and leaks. Qatar is seeking to resume 80% of LNG production within two months of Hormuz safely opening.

South Korean firm signs on to explore British Columbia LNG project

(Pipeline & Gas Journal; June 21) – South Korea's Hanwha Ocean and Kanata Clean Power & Climate Technologies, which partners with Canadian First Nations, have signed a non-binding memorandum of understanding to explore cooperation on the proposed Kanata LNG floating export project near Prince Rupert, British Columbia. The gas liquefication plant would have export capacity of up to 12 million tonnes per year of LNG and is expected to require approximately $15.7 billion in capital investment, subject to final engineering, commercial agreements and regulatory approvals.

Under the agreement, the companies will evaluate opportunities related to engineering and construction, operations and maintenance, potential equity participation, long-term LNG supply arrangements and other midstream infrastructure services. Philippe Levy, president of Hanwha Ocean's Energy Plant Unit, said in a statement that the company believes floating LNG technology can provide a flexible option for new developments where commercial, regulatory and environmental conditions support investment.

Kanata LNG is offering participating First Nations the opportunity to acquire up to a 50% ownership interest in the project, subject to negotiations, financing arrangements and approvals. The companies said the MOU is non-binding and that any future commitments related to construction, investment, operations or LNG offtake would require additional due diligence, definitive agreements and corporate approvals.

U.K. utility plans to buy more U.S. LNG

(Bloomberg; June 22) - The U.K.'s Centrica plans to buy more U.S. liquefied natural gas, as it sees the fuel remaining a key part of the energy system for decades even as global geopolitical tensions highlight the need to diversify supplies. "I'm very happy to buy more LNG from the United States," Chief Executive Officer Chris O'Shea said in an interview from New York on June 22, adding that the firm is also looking to expand its trading business in the country. "It is a very reliable partner."

His comments come as the Iran war has renewed concerns among European energy firms about relying too heavily on any single supplier, including the U.S., prompting a fresh push for diversification. At the same time, the U.S. has over the past decade grown to become the world's top exporter of LNG and looks to double its capacity by 2030 with new projects and expansions. Many see gas as a transition fuel to help curb emissions and further pivot toward clean energy.

In the U.S., the British utility and trader already has agreements with Cheniere Energy's Sabine Pass facility in Louisiana and Delfin Midstream's proposed offshore export project, and has signed gas supply deals with Devon Energy and Coterra Energy. While it's seeking more U.S. volumes, it's also exploring other sources of supply, including in

Canada. “The way I’d think of it as an executive from a western European company is that no one wants to rely on one place for a product, full stop,” O’Shea said.

China prepares second terminal to accept sanctioned Russian LNG

(Reuters; June 22) - China is preparing a second import terminal to handle liquefied natural gas cargoes from Russia's sanctioned Arctic LNG 2 project, expanding a route that so far relies on a single import facility, three sources with knowledge of the matter said. The newly built Longkou LNG terminal in eastern China's Shandong province, operated by state pipeline giant PipeChina, is being lined up to receive Arctic LNG 2 cargoes, the sources told Reuters.

The move would provide a lifeline to the $21 billion project, which is under heavy sanctions, and to Moscow, whose gas exports have been hit by Europe's decision to halt purchases and whose oil sector faces pressure from Ukrainian attacks. A second import terminal would allow China to take larger volumes of sanctioned Russian LNG, while giving Arctic LNG 2 — designed to produce 19.8 million tonnes a year — another export outlet.

China, the only known buyer of sanctioned Arctic LNG 2 cargoes, has so far received shipments through PipeChina's Beihai terminal in Guangxi. That facility took the project's first delivery in August 2025. Since then, Beihai has received 41 cargoes, or 2.6 million tons, of LNG from Arctic LNG 2 — many via two floating storage and transshipment units in Russia — according to ship-tracking and Kpler estimates. It has also received three LNG cargoes from Russia's sanctioned Portovaya terminal. China needs a second terminal to handle more sanctioned cargoes, one of the sources said.

U.S. and Qatar push EU to rewrite methane emissions rules for LNG

(Financial Times; London; June 23) - The Trump administration and Qatar have warned the European Union that it faces a liquefied natural gas supply crunch that would force up prices unless Brussels rewrites planned rules on methane emissions. Washington and Doha said most global oil and gas exporters could not meet the draft regulation that would set monitoring and reporting standards across supply chains for methane, a potent greenhouse gas.

The complaints from the U.S. and Qatar — the world’s top two LNG exporters — came in a letter to European Commission President Ursula von der Leyen and European Council President António Costa ahead of a meeting of the bloc’s energy ministers on June 26. At least two other big gas suppliers to Europe, Algeria and Nigeria, signed the letter drafted by the U.S. and Qatar, which is due to be sent to European leaders.

The EU faces a “narrow window” to rewrite the rules because importers have already begun buying supplies for delivery in 2027, and “there is no viable path to compliance with the regulation,” wrote U.S. Energy Secretary Chris Wright and Qatari Energy Minister Saad al-Kaabi in the draft letter seen by the Financial Times. “Because legal compliance remains paramount, exporters and importers alike are unwilling to enter into contractual agreements that knowingly violate EU law,” they wrote. “Significant supply and price impacts are a certainty.”

Japan cautions Australia’s gas reservation policy bad for business

(Australian Financial Review; June 24) - Australia’s largest international LNG customer has warned that the ruling Labor Party government’s gas reservation scheme will cut domestic gas supplies to Australia while risking an opportunity to grow the multibillion-dollar trade with Japan as the global energy crisis pushes the Asian country to lift imports. The intervention by an influential energy institute backed by major Japanese traders and LNG customers into the public consultation process about an Australian domestic policy underscores Japan’s concerns about the government’s plan.

Inpex’s Ichthys LNG project in Darwin, Australia, is a major supplier of gas to Japan. The Institute of Energy Economics says in a draft submission that the “highly interventionist” system envisaged by the government to require LNG exporters to reserve the equivalent of 20% of their shipments for Australian customers would discourage investment in gas development in the country.

It would undermine the commercial viability of gas and damage Australia’s prospects for securing more LNG sales to Japan, just as competition grows for LNG supply from the United States and Canada. “This would be pretty bad news for Japan as importers and also for our Asian friends, but it could be a problem also for our Australian friends,” institute chairman Tatsuya Terazawa told The Australian Financial Review. Australia supplies about 40% of Japan’s LNG needs, involving trade that peaked at $34.5 billion in 2022-23 and is critical to the Asian nation’s energy security.

Goldman Sachs notes that accelerating EV adoption trims oil demand

(Reuters; June 22) - Goldman Sachs said accelerating electric vehicle adoption following the Hormuz-related oil supply shock could trim global oil demand by up to 0.32 million barrels per day by late 2027. Global EV car sales penetration increased 3.4 percentage points, the bank said in a note, to reach 26.1% last month — its second-highest level ever.

"Most notably, two-/three-wheeler EVs comprise a majority of total EV sales in India, Vietnam and China and can displace a sizable one-third to one-half of the fuel that a passenger car EV can," Goldman Sachs wrote. The bank said 12 of the world's 15 largest EV markets have seen rising penetration, with China leading gains as its rate increased by 11.4 percentage points.

TotalEnergies CEO says new pipelines needed to bypass Hormuz

(Reuters; June 23) - French oil major TotalEnergies needs to prioritize the building of pipelines that could export oil and gas from the Middle East without ships going through the Strait of Hormuz, CEO Patrick Pouyanne said at an energy conference in Paris on June 23. Pouyanne was asked what lessons he had learned from the past three months of the Iran crisis, given Total is the oil major most exposed to the Middle East, where the war has paralyzed the waterway through which 20% of the world's oil passes to market.

"The reality is that the Strait of Hormuz represents a genuine threat, so we must act. To ensure it doesn't remain a threat, there is only one solution: We must invest in pipelines to bypass the strait, that is an absolute priority," he said. Pouyanne mentioned alternative export routes in Abu Dhabi and Iraq, as well as through Syria. "When you are in Iraq and you need to reach the sea, you can go down through Kuwait and Saudi Arabia, or head toward Syria or Turkey," Pouyanne said.

He recalled that Total discovered oil in Iraq in 1928 and built an Iraq-Syria pipeline in six years, with the world's largest tanker at the time transporting the oil across the Mediterranean to a refinery in southern France. "If our predecessors did it 100 years ago, I believe we should be capable of doing it again today," he added.