Oil and Gas News Briefs
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China may accept first U.S. LNG cargoes in more than a year

(Reuters; May 12) - China could receive in June its first direct U.S. LNG shipment in more than a year in a potential sign of thawing energy ties as U.S. President Donald Trump this week heads to Beijing for a summit with Chinese President Xi Jinping. Three vessels left U.S. LNG export plants in Louisiana last week and are expected to reach China in mid- to late June, according to data from financial firm LSEG.

While other LNG tankers have left U.S. ports and said they were headed to China over the past year, none have gone from the U.S. directly to China since Trump returned to the presidency in 2025, amid simmering trade disputes between the two countries. The U.S. is the world's biggest gas exporter, while China is the world's biggest importer. Several companies in China have contracts to buy LNG from U.S. producers but have sold those cargoes to buyers in other countries over the past year, due primarily to the trade disputes and their ability to make a profit due to elevated global LNG prices.

In recent months, Chinese buyers were able to resell U.S. LNG at even higher margins due to market disruptions caused by the Iran war. China, meanwhile, has become more reliant on pipeline gas from Russia and Central Asia, consultancy EBW Analytics Group said in a recent note. Receiving U.S. LNG will probably become more attractive as China draws down its gas inventories, but domestic gas production and cheaper pipeline imports will remain China's preferred sources of supply, said Erica Downs, senior research scholar at Columbia University's Center on Global Energy Policy.

China’s LNG imports head higher, but still below 5-year average

(Bloomberg; May 11) - LNG deliveries to China are showing signs of recovery, as some buyers replace shipments disrupted by the conflict in the Middle East. The 30-day moving average for LNG imports has increased to the highest level since late February, according to ship-tracking data compiled by Bloomberg. Although that’s still below the five-year average, the gap has shrunk to roughly half of what it was in early April.

Qatar, which accounted for around 30% of China’s LNG last year, has been forced to halt exports, pushing Chinese purchases of seaborne gas to an eight-year low last month, according to analytics firm Kpler. Compared to other Asian nations, China’s gas sector is better insulated from the disruptions. Sellers from Canada to Nigeria have helped replace the Qatari volumes. China’s consumers can tap domestic production and overland pipeline supply that reduce the need for LNG. And utilities have a suite of alternative fuels, from coal to renewables, to keep the lights on.

However, declining gas inventories and the prospect of hotter weather have forced some companies to turn to the spot market for gas to make up for lost supply, traders said. Supporting procurement is a jump in Chinese gas prices. The cost of domestic trucked LNG — a key benchmark — in Guangdong, an industrial hub heavily reliant on gas in southern China, has jumped nearly 70% since early March to the highest since 2023, according to data from Argus Media. The price is now higher than overseas spot LNG, which makes it economical to buy shipments to sell into the domestic market.

China’s oil imports fell in April to lowest in almost 4 years

(Reuters; May 9) - China's oil imports fell to the lowest level in almost four years in April as the closure of the Strait of Hormuz choked off supplies to the world's largest oil importer. Crude oil imports fell 20% in April to 38.5 million tonnes compared to a year earlier, hitting their lowest level since July 2022, according to customs data on May 9. China imports roughly half of its crude oil from the Middle East, where the closure of the strait has slashed the number of tankers carrying oil and refined products to the world.

The data from China does not distinguish between oil arriving by sea or pipeline. Data from ship-tracking firm Kpler, however, puts seaborne imports at 8.03 million barrels per day, also the lowest since July 2022. Despite the decline in imports, ship tracker Vortexa estimates crude inventories rose by 17 million barrels in April, although it said those would fall in May. The disruption in Middle East supplies has led China to tightly manage exports of refined products such as gasoline and jet fuel to protect its domestic market.

Hormuz closure cutting into EV batteries and aluminum supply

(Reuters commentary; May 11) - Buyers of electric vehicles and consumers of a diet cola in India may seem to be two groups with little in common, but they are both at risk from the fallout from the ongoing closure of the Strait of Hormuz. The longer the narrow waterway remains closed to most vessels, the more pronounced second- and third-round effects will become on the world economy, which is already having to deal with higher prices for refined fuels such as diesel and gasoline and the inflation this brings.

Electric vehicles are widely considered to be one of the big winners from the conflict between the U.S. and Iran, as they allow users to move away from reliance on fossil fuels. But EVs are exposed to the Hormuz closure as the manufacture of their batteries is dependent on sulfuric acid, a key component in the extraction of metals such as nickel and lithium. Sulfuric acid is vital in the high-pressure acid leach method of extracting battery-grade nickel from mines in Indonesia, the top producer of the metal.

Sulfuric acid is also used to extract lithium from rocks in Australia, the biggest producer of the metal, and is also important to produce copper. Sulfur is a byproduct of oil and gas and refining into fuels, making Middle East countries such as Saudi Arabia and the United Arab Emirates major suppliers of the raw material used to make sulfuric acid.

About 8% of global aluminum supply went through the Strait prior to the Iran war, and this has largely stopped. About 20,000 tons of the lightweight metal exited the Strait in April, according to Kpler data, down from an average of 1.26 million tons in the three months prior to the start of the war. The loss of these cargoes has tightened aluminum supply in India, leading to a shortage of Diet Coke, which is only sold in aluminum cans.

Japan and South Korea boost coal-fired power generation

(Reuters; May 12) - Major Asian liquefied natural gas importers Japan and South Korea ramped up coal-fired power generation in April and into early May, market data showed, as the Iran war disrupted supplies of LNG and boosted prices. Japan's gas-fired power supply hit two-year lows in April and Korea's dropped to six-month lows, according to data from the Japanese Electricity Market Data Hub and Korea Power Exchange.

The switch underscores how the conflict is reshaping power generation patterns. "The longer this war continues, the more switching we will see," Andre Lambine, a power analyst at S&P Global Energy, told an industry event. In April, coal-fired power in Japan surged 11.1%, the steepest in at least a year, as gas-fired power fell 12.9% to 16,447 gigawatt-hours, statistics from the Japanese Electricity Market Data Hub showed.

"Japan's rising coal power output displaced roughly 4 LNG cargoes in April — already about half the annual imports the government expected to avoid by using more coal," said Fei Xu, senior gas analyst at ICIS. "This has helped maintain end-April LNG inventories near five-year averages." South Korea's coal-fired power supply rose 39.7% annually to 10,733 GWh in April — the sharpest rise since August 2019, while gas-fired power fell 6.4%, data from KPX showed.

Coal-fired power generation on the rise in Japan

(Bloomberg; May 13) - Japan’s coal-power generation is rising while natural gas-fired output falls, as conflict in the Middle East chokes supplies of the less-polluting fossil fuel and sends prices higher. The 30-day moving average for coal generation across Japan’s main islands was up 17% on May 12 compared with the same period last year, and has been consistently higher since late-March, according to utility data.

The crucial Strait of Hormuz has remained effectively closed since the Iran war started in late February, curbing energy shipments from a region that typically accounts for a fifth of global liquefied natural gas supply. Japanese utilities have reduced dependence on LNG from the region over the past several years. Supply from Qatar and the United Arab Emirates only made up around 6% of the country's total in 2025, compared with 25% a year earlier, according to ship-tracking data from analytics firm Kpler.

Still, that hasn't spared Japan from the broader impact of rising fuel-import costs. Many power producers secure LNG on long-term contracts linked to oil prices, which have surged since the conflict began. Importers must at times secure spot cargoes, which have also become expensive. That has led to higher spot power prices in the country.

Oil companies show renewed interest in exploring in Alaska

(Financial Times; London; May 11) – Some of the world's biggest oil companies are returning to explore in the Alaska Arctic as they seek to replenish reserves, diversify their portfolios and capitalize on President Donald Trump's promotion of fossil fuels. Exxon Mobil, Shell and Repsol are among producers that bid a record $163 million in March for leases in the National Petroleum Reserve-Alaska, an underexplored area estimated by the U.S. Geological Survey to hold 8.8 billion barrels of recoverable oil.

ConocoPhillips and Australia's Santos also bid on leases covering more than 1 million acres on Alaska's North Slope — an oil-rich but often ice-bound region of pristine wilderness where it is costly to operate. Exxon and Shell's return to explore in Alaska after an almost decade-long hiatus represents a success for the White House, which has relaxed environmental rules and expanded lease sales.

"Alaska is a fantastic opportunity," said Francisco Gea, head of upstream at Repsol, whose joint venture with Shell secured the largest number of leases in the recent auction. The return of Shell and Exxon surprised industry experts. Shell said in 2015 it was ceasing exploration in Alaska for the "foreseeable future" after losing $7 billion on a failed offshore drilling campaign. Shell CEO Wael Sawan told the Financial Times the decision to return was driven by a desire to replenish the "funnel of opportunities" in areas where the group could differentiate its exploration, appraisal and development.

"It is a very, very, very different part of Alaska that we have gone to," he said. "This is an onshore exploration opportunity in a very well-established basin that's been producing for some time." Exxon has focused its exploration on other parts of the world over the past decade, particularly Guyana. Both companies have been tempted back to Alaska following major discoveries by independent U.S. wildcatter prospector Bill Armstrong, and the recent development of projects by ConocoPhillips and Santos/Repsol.

Santos and Repsol's $4.5 billion Pikka project is expected to begin operating this month and produce up to 80,000 barrels a day, while ConocoPhillips' $9 billion Willow project is expected to start up in 2029 and produce 180,000 barrels per day.

Japan to import Azerbaijani oil as it diversifies suppliers

(Reuters; May 11) - Japan's industry ministry said a tanker carrying Azerbaijani crude oil was set to arrive as early as this week with the first cargo of oil received from Central Asia since the Iran war began in February. Before the U.S.-Israeli war with Iran broke out in late February, Japan relied on the Middle East for about 95% of its crude oil imports. Iran's retaliatory shutting of most tanker traffic through the Strait of Hormuz has curtailed those shipments, requiring Japan to seek alternative supply.

Japan's refineries were largely designed to process Gulf crude to meet growing fuel demand during its economic expansion after World War II. Japan has imported oil from Azerbaijan before but the cargo arriving this week at Yokohama would be the first since the Iran war started, Narumi Hosokawa, deputy director-general for immediate crisis management at Japan's Ministry of Economy, Trade and Industry, told reporters.

Japan has also turned to the U.S., aside from other sources, and imported a cargo from Russia's Sakhalin-2 project that was exempted from sanctions. Japan largely stopped importing crude oil from Russia and joined sanctions against it after Moscow's invasion of Ukraine in 2022. Japan has also opened its oil stockpiles to deal with the Middle East shortfall, releasing enough for about 50 days of consumption on March 16, later adding around five days more from joint stockpiles and tapping another 20 days' worth from May 1. As of May 8, Japan had 205 days worth of oil consumption held in its stockpiles.

Bank says oil prices could rise significantly with longer closure

(Bloomberg; May 11) - The oil market is in “a race against time” as the factors that combined to restrain price increases from the Iran war stand to come under strain if the Strait of Hormuz stays closed into June, according to Morgan Stanley. Despite the overall loss of almost 1 billion barrels of supply, crude oil futures prices have failed to top levels seen in 2022 as the market entered the crisis with larger buffers and investors kept expecting the strait to reopen, analysts including Martijn Rats said in a note.

In addition, higher crude exports from the U.S., coupled with slowing imports by China, helped to shield the market from the shock, they said. Looking ahead, a closure longer than China or the U.S. can sustain “could cause renewed tightness,” the analysts said. While China appears well-placed at present, “the ability of the U.S. to continue this elevated level of exports is hard to gauge but appears under more pressure.”

In the bank’s still-current base case, Dated Brent — a physical oil price marker — is seen at $110 a barrel this quarter, $100 in the following three months, and $90 between October and December, with forecasts unchanged. In the bull case — based on a longer closure — prices are seen at $130 to $150. “The United States’ 3.8 million barrel-a-day increase in exports and China’s 5.5 million barrel-a-day cut in imports have shielded the rest of the world from 9.3 million barrel-a-day of tightness — a very significant amount," the analysts said in a section headlined: "A race against time."

Saudi Aramco CEO says it could take to 2027 to normalize oil supplies

(CNBC; May 11) - The oil market will take until 2027 to normalize if the disruption in the Strait of Hormuz persists beyond the middle of June, the CEO of the world's largest oil company warned on May 11. "If the Strait of Hormuz opens today, it will still take months for the market to rebalance, and if its opening is delayed by a few more weeks, then normalization will last into 2027," Saudi Aramco CEO Amin Nasser told investors on the company's first-quarter earnings call.

About 20% of the world's oil supplies passed through the strait before the war. Iran has managed to basically close the sea lane, which connects the Persian Gulf to the global market, since early March. The biggest challenge facing the market is the disruption to the global tanker fleet, Nasser said. More than 600 ships, mostly oil and product tankers, are currently stuck in the gulf, he said. Around 240 ships are waiting outside Hormuz, the CEO said. Some of these ships may leave for other places because they have been idling in the region for too long, Nasser said.

The fleet is "mixed up" with some tankers deployed in the wrong places. Ships will need to be repositioned around the world to normalize the supply chain, he said. "Even in the most optimistic scenario, energy and commodity supply chains will need several months to return to the pre-conflict traffic as vessels reroute or avoid being idle." The oil market will lose 100 million barrels of supply every week the strait remains closed, the CEO said. Just two to five ships pass through Hormuz daily right now compared with 70 vessels before the war, he said.

IEA says global oil supply will fall short of demand

(Reuters; May 13) - Global oil supply will not meet total demand this year as the Iran war wreaks havoc on Middle East oil production, the International Energy Agency said in its monthly oil market report on May 13. The U.S. and Israel's war with Iran, subsequent damage to Iran and its Gulf neighbors' oil infrastructure and the effective closure of the Strait of Hormuz have caused the largest oil supply crisis in history, sending oil prices skyrocketing.

"With Hormuz tanker traffic still restricted, cumulative supply losses from Middle East Gulf producers already exceed 1 billion barrels, with more than 14 million (barrels per day) of oil now shut in, an unprecedented supply shock," said the agency, which advises industrialized countries. The IEA forecasts imply that supply will come in 1.78 million barrels per day below total demand in 2026, erasing a surplus projected in last month's report and a close to 4 million barrel-per-day surplus in its December report.

"Our latest supply and demand estimates imply that the market will remain severely undersupplied through the end of third-quarter 2026, even assuming the conflict ends by early June," the agency said, adding that the second-quarter deficit will be as stark as 6 million barrels per day. The IEA's base-case forecast is for a gradual resumption of traffic through the strait from the third quarter onward, which could see the market return to a "modest surplus" by the fourth quarter, allowing depleted stocks to begin to rebuild.

LNG buyers increase their commitments from Louisiana supplier

(Reuters; May 12) - Venture Global said on May 12 that it has signed new LNG supply agreements with TotalEnergies and trading house Vitol covering combined sales of just over 1 million tonnes per year for the next five years from its Louisiana export terminals. Venture Global is charging customers more than double the long-term LNG price for its shorter five-year deals with, reducing the company's risk profile, CEO Mike Sabel told an earnings call on May 12. "It allows us to blend out ... the risk with much higher pricing than 20-year pricing, double our long-term contracts," said Sabel.

The deals bring total new LNG sales agreements secured by the U.S. exporter since the outbreak of the Iran war to just over 3 million tonnes, reflecting increased demand for U.S. cargoes as Middle East cargoes remain blocked by the closure of the Strait of Hormuz. Under the new contracts, Venture Global will sell 0.85 million tonnes per year of LNG to TotalEnergies and increase its previously contracted volumes with Vitol by 0.2 million to 1.7 million tonnes, with deliveries starting this year, the company said.

Venture Global has more LNG available for near-term sale than any other U.S. exporter, as its 27.2 million-tonne-per year Plaquemines LNG plant in Louisiana, the country’s second-largest export facility, ramps up production during commissioning.

Iraq and Pakistan strike deals with Iran to allow tanker transit

(Reuters; May 12) - Iraq and Pakistan have cut deals with Iran to ship oil and liquefied natural gas from the Gulf, according to five sources with knowledge of the matter, in a demonstration of Tehran’s ability to control energy flows through the Strait of Hormuz. The U.S.-Israeli war with Iran has slashed energy exports from a region that normally supplies 20% of the world’s crude oil and LNG. The U.S. has blockaded Iranian ports in recent weeks. And though Iran initially sought to halt traffic through the strait, that stance is now changing, said Claudio Steuer of the Oxford Institute for Energy Studies.

“Iran has shifted from blocking Hormuz to controlling access to it. … Hormuz is no longer a neutral transit route, it is a controlled corridor,” he said. With most of its crude exports typically shipped through the strait, Iraq was among the producers worst-affected by its closure, while Pakistan, which has sought to mediate in the conflict, depends heavily on Gulf energy imports and has faced surging fuel costs.

In a deal between Baghdad and Tehran, Iraq secured safe passage for two very large crude carriers, each carrying about 2 million barrels of crude, which passed through the strait on May 10. Iraq is working to secure Iran’s approval for more transits, an Iraqi oil ministry official familiar with the deal and current talks told Reuters, as the government seeks to safeguard the oil revenues that make up 95% of its budget. Similarly, two tankers loaded with Qatari LNG are headed to Pakistan after an agreement between Islamabad and Tehran, two industry sources with knowledge of the matter told Reuters.

Second Qatari LNG tanker makes it out of Strait of Hormuz

(Bloomberg; May 12) - A second Qatari liquefied natural gas tanker appeared to have exited the Strait of Hormuz, after a shipment successfully transited the chokepoint over the weekend. The Mihzem sailed out of the Persian Gulf and is currently in the Gulf of Oman, ship-tracking data compiled by Bloomberg show. The Singapore-flagged vessel is indicating Pakistan as its destination, and draft readings show it’s fully laden.

The Mihzem previously stopped sending positioning signals, an increasingly common move reflecting security concerns in the region as the Iran war drags on and a blockade of Hormuz persists. At least two tankers that loaded at Abu Dhabi National Oil Co.’s Das Island LNG export facility recently went dark to carry shipments out of the waterway, Bloomberg reported earlier this month.

Pakistan families plan their meals around gas availability

(Al Jazeera; May 12) - Farhat Qureshi had been cooking most of her life without watching the clock. Now, at 60, her mornings begin with one question: how much can she finish before the gas in her kitchen disappears once again? The cooking gas at her Karachi home comes in short windows in the morning, afternoon and evening. If she misses a window, the cooking is delayed, food is reheated, plans are changed and the kitchen waits.“I don’t think I have ever seen this happening in my whole life,” Qureshi told Al Jazeera. “My whole morning revolves around gas.”

Pakistan’s energy crisis has intensified since the U.S. and Israel attacked Iran on Feb. 28, turning a recent surplus of liquefied natural gas into a looming shortage. Pakistan’s LNG imports had already fallen from 8.2 million tonnes in 2021 to 6.1 million tonnes by late 2025. The war has put further pressure on a system already strained by years of declining domestic gas production. Pakistan meets most of its daily needs from domestic gas fields, which have been in slow decline for years. Imported LNG, supplied mainly under long-term contracts, fills part of that gap when shipments flow normally.

Almost all of Pakistan's LNG comes from Qatar and the United Arab Emirates. Many Pakistani households are experiencing the energy crisis through the unpaid labor of women who wake up earlier, cook more quickly, rearrange meals, delay rest and plan their entire days around the prospect of getting gas in their stoves. Simalah Zafar Baqai, a student at the University of Karachi, says the crisis for her is measured by the number of hours she is able to study or sleep. "Throughout the day, I am asking my family, my parents, my siblings: 'Is gas available? When will it come? When will it go?'" she says.

Cost estimate up 78% for Australia offshore gas project

(Reuters; May 10) - Woodside Energy's long-delayed Browse gas project is now expected to cost A$48.7 billion (US$35.2 billion), according to a report commissioned by the company. The proposal to develop Australia's largest untapped gas resource to feed an LNG plant was submitted to regulators in 2018 and was last estimated to cost A$27.3 billion in 2019, but a major carbon capture and storage (CCS) component was added to the project in 2023. The Browse project has been delayed by environmental approvals and negotiations over a processing agreement.

An economic impact assessment by Deloitte commissioned by Woodside and released on May 11 said the project's total capital expenditure would now be A$48.7 billion, up 78% from the original. The figure used different assumptions and a different base year compared to the 2019 estimate. "It would be one of the largest projects in Australian history based on capital expenditure," the report said. Woodside has proposed to use the Browse fields offshore northwest Australia to supply the aging North West Shelf LNG facility, which received a 40-year authorization extension to 2070 last year.

Its CCS component aims to inject up to 4 million tonnes a year of carbon dioxide back into the Browse reservoirs and to reduce direct emissions by 47%. Environmental groups oppose the project, arguing it would threaten the nearby Scott Reef, home to endangered pygmy blue whales and green turtles. The environment department is due to give final advice to the government on whether to approve or reject the project as soon as next month. Woodside's partners are BP, Mitsui, Mitsubishi and PetroChina.

Gas line company considering capacity expansion into New England

(Climate Wire; May 11) - Enbridge is planning an expansion of a major natural gas pipeline into New England, setting the stage for a political battle over the future of the

Northeast's energy system just as the midterm election season heats up. The Calgary-based pipeline company recently briefed the National Energy Dominance Council on plans for an expansion of its Algonquin Gas Transmission line, according to a White House official. Enbridge is also briefing potential buyers on its plans, according to an industry official who spoke on the condition of anonymity to discuss business matters.

The official said the company's efforts appear to be in their early stages and details about the expansion are still unclear. But the mere prospect of expanding pipeline access is likely to be controversial in New England, where a pair of proposals to build new pipelines were abandoned nearly a decade ago after fierce resistance. It also injects a new wrinkle into gubernatorial races in New England, where Democratic governors in Connecticut, Massachusetts and Rhode Island seeking reelection are under mounting pressure to address some of the country's highest energy prices.

Algonquin is a 1,100-mile system from New Jersey to Massachusetts. Enbridge has faced resistance over plans to expand the capacity in recent years. Its efforts to build a new compressor station near Boston became a lightning rod in Massachusetts, where critics argued the project would undermine the state's climate goals and further pollute the air in a densely populated area. The station eventually came online in 2021. Gas fuels about half of New England's power generation, but the region has long faced inadequate pipe capacity in the winter, when demand for heating and electricity soars.

Europe's demand for petroleum products in line with 5-year average

(Bloomberg; May 11) - There's little sign of widespread oil demand destruction in Europe, despite the sharp rise in wholesale prices caused by the Iran war. The region's overall appetite for petroleum products, such as diesel and gasoline, is roughly in line with the five-year seasonal average, according to figures from consultancy Energy Aspects. This comes even as traders pay eye-watering prices for fuels amid Middle East tensions that are tightening oil supplies.

"European governments have been swift to re-introduce tax breaks, VAT cuts, etc., and dampen the cost impact of soaring wholesale prices to the consumer," said Koen Wessels, head of demand at Energy Aspects. The flipside of these measures is a "dislocation between retail price and market signals," he added. The ongoing effective closure of the Strait of Hormuz — the vital waterway connecting the Persian Gulf to the rest of the world — is severely restricting global oil supplies. Market watchers have been looking out for signs of demand destruction, which would offset supply losses.