Oil and Gas News Briefs
Compiled by Larry Persily
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Energy market upheaval helps China sell its clean-energy exports

(Energy Wire; May 14) - President Donald Trump has said that energy is one of the key topics he'll raise in an otherwise trade-focused trip to Beijing that started May 13 — but the trip isn't likely to address an uncomfortable truth: The Iran war may be among the best clean-energy salesmen China's had. Indeed, the 10 weeks of global oil market convulsions caused by the U.S. war against Iran has swept into China's arms countries looking to replace lost crude oil shipments with clean energy tech.

The Trump administration's war of choice against Iran has boosted China's sales of electric vehicles, solar panels and batteries to countries facing volatile oil markets and fuel shortages, trade data shows. "The Iranian energy crisis is going to turbo charge the global energy transition away from oil and gas from the Middle East and a pivot to clean technologies — wind, solar, electric vehicles — that China is a very significant leader on," said Li Shuo, director of the Asia Society Policy Institute's China Climate Hub.

Energy analysts agree that the war is reinforcing the strategic role renewables can play in energy security. "In this context, China's aggressive push in clean energy and technology exports is steadily eroding U.S. energy dominance, especially as the U.S. focuses more on hydrocarbons while China cements its leadership in the global clean-energy supply chain," Vegard Wiik Vollset, a renewables and power markets analyst at Rystad Energy, said in an email.

Global oil inventories dropping at record pace

(Wall Street Journal; May 14) - An underappreciated surplus of crude oil, sloshing around storage tanks and aboard ships, cushioned the global economy when the Persian Gulf closed 11 weeks ago. That excess supply is now dwindling at a record pace, with oil executives and analysts predicting that a harsh reckoning is set to upend the relative calm in energy markets. Acute shortages of key fuels and soaring prices could emerge within weeks if the Strait of Hormuz remains shut.

The drawdown in private storage and government strategic reserves, along with a fall in demand due to the higher prices, has bought time and prevented oil prices from exploding. But it has left little margin for error in the months ahead. "You can only decrease consumption so much, and when inventories run out, they are going to run out," said Ellen Wald, senior fellow at the Atlantic Council's Global Energy Center. "At some point, the market is going to collide and prices are going to shoot up."

Global oil inventories — which include onshore tanks and oil on tankers at sea — have fallen at a record pace since the start of the war. They plunged by 250 million barrels over March and April, according to the International Energy Agency — equal to about 2½ days of global oil use. The runway to avoid reaching critical levels is vanishing rapidly. JPMorgan Chase estimated that if the strait remains blocked, stockpiles in a group of wealthy nations could plunge to "operational stress levels" in early June and to system-straining "operational floor level" by September. The bank said it doesn't expect stocks to reach those levels because history suggests demand will be curtailed first.

U.S. strategic oil reserves buy time but will not last forever

(Bloomberg commentary; May 13) - What do the Federal Reserve and the U.S. oil industry have in common? In today's war-torn market, both are the supplier of last resort. One provides dollars; the other barrels. But that's where the similarities end. The central bank can print currency at ease; the drillers cannot. Facing an unprecedented shortage, the global oil market has called on the U.S., the world's top producer, for help. And thanks to the shale revolution, America has been able to respond.

Over the past four weeks, U.S. net exports of crude and refined products have averaged a record high of 5.9 million barrels a day, up from 3.3 million a year ago. Only a decade ago, the U.S. was a net importer in excess of 5 million barrels a day. Can the U.S. sustain that level of net exports forever? No — the American shale revolution is extraordinary, but not miraculous. The question, however, isn't whether the nation can keep up with no end in sight; it's whether it can do it for long enough to keep oil prices from exploding before it reaches a deal with Iran.

Looked through that lens, the U.S. has the ammunition, thanks to its emergency stockpile, to sustain its outsized oil exports for several more weeks, perhaps even a couple of months. Through last week, the Strategic Petroleum Reserve has released about 31 million barrels since President Donald Trump announced the drawdown. Assuming a rate of about 1.2 million barrels a day continues until the final drop, the U.S. has 117 days — the beginning of September. At much higher rates, say, 2 million barrels a day, the 172 million barrels earmarked from the reserve would still last until late July.

Trump probably has into June before the combination of the shrinking strategic reserve and growing pressure on the commercial inventory start to stir up market anxiety. That's probably enough time for the White House find an exit to its quagmire in Iran.

IEA says global oil demand will pull back amid supply constraints

(Wall Street Journal; May 13) - The near-closure of the Strait of Hormuz has unleashed an unprecedented supply shock on global energy markets, one that could keep oil supplies constrained for months even after shipping through the waterway resumes, the International Energy Agency said. The energy watchdog — a group of Western nations and their allies — now expects global oil demand to contract by 420,000 barrels a day this year, from its previous forecast of an 80,000-barrel-a-day decline, as disrupted tanker traffic and stalled U.S.-Iran negotiations reverberate through the global economy.

The IEA's base-case scenario assumes flows through Hormuz will gradually resume from June, with demand growth returning to positive territory in August and then hovering around 2025 levels for the remainder of the year. Supply, however, would recover far more slowly because of infrastructure damage, logistical bottlenecks and the need to clear Iranian mines from the strait before normal export operations can restart.

Even after mines are cleared, it would likely take at least two to three months to fully restore steady export operations as oil tankers exit the Gulf, empty vessels are repositioned and port loading schedules are reorganized, the IEA said. Oil production and refining activity are also expected to recover more slowly than shipping traffic. Countries with congested ports and limited storage capacity, including Iraq, are likely to take longer to return to prewar export levels, while Saudi Arabia and the United Arab Emirates are expected to restore output more quickly.

A few oil tankers manage to get through Strait of Hormuz

(Bloomberg; May 14) - The number of supertankers hauling unsanctioned oil through the Strait of Hormuz has shown signs of rising in recent days, offering limited relief to an oil market that's suffered the largest supply disruption in history. Four ships each hauling 2 million barrels of mostly Iraqi crude have exited since May 10 — a rate close to 2 million barrels a day — according to vessel-tracking data compiled by Bloomberg. Prior to the war, there were about 20 tankers of various sizes crossing the waterway daily.

Oil traders are monitoring Hormuz flows closely because the blockage of the waterway has already cut about a billion barrels from global supply. While shipments from countries other than Iran have crept up, those from the Islamic Republic have slumped sharply since a U.S. blockade. Hormuz has remained largely blocked since the war began and has been subject to an international diplomatic arm wrestle ever since.

In recent weeks, some commercial ships have crossed with their satellite signals off, meaning it's possible the number increases down the line once those vessels re-emerge away from the Middle East. In total 38 vessels of all kinds — not just oil tankers — have crossed Hormuz in both directions over the past seven days, three times as many as in the week to May 9. Most of those transited without signaling until they reach the Gulf of Oman. "There's been an increase but the levels are so low that it won't make much of a difference," said Georgios Sakellariou, a freight analyst at Signal Maritime.

Crude oil tanker makes it through Hormuz, headed to Japan

(Reuters; May 14) - A Panama-flagged crude oil tanker managed by Japanese refining group Eneos has passed through the Strait of Hormuz, ship-tracking data from LSEG showed on May 14, the second instance of such a Japan-linked oil ship making it through. Prime Minister Sanae Takaichi has directly contacted Iranian President Masoud Pezeshkian to allow for the transit of the ship, which has four Japanese crew members onboard, she said in a post on X.

Before the U.S.-Israeli war on Iran largely disrupted oil supplies via the Strait of Hormuz, Japan relied on the Gulf for about 95% of its oil imports. Miyata Tomohide, CEO of Eneos, Japan's biggest refining group, told reporters on May 14 that the tanker has crossed the strait safely and is expected in Japan in late May or early June. The Eneos-managed tanker is carrying 1.2 million barrels of Kuwait crude and 700,000 barrels of Emirati Das Blend oil loaded in late February, Kpler data showed separately.

Foreign Minister Toshimitsu Motegi, who coordinated the efforts that included Japan's embassy in Tehran, said on May 14 the government did not pay a toll to Iran for the transit. Tokyo has stepped up diplomatic efforts since the conflict emerged in late February, and switched to alternatives to partially substitute for the lost barrels, while holding down domestic fuel prices with massive government subsidies. There are 39 Japan-related vessels still stuck in the Persian Gulf, according to Takaichi.

United Arab Emirates will double pipeline capacity to bypass Hormuz

(Bloomberg; May 15) - The United Arab Emirates will double its capacity to export crude oil bypassing the Strait of Hormuz by next year, as it seeks to reduce reliance on the shipping chokepoint. Abu Dhabi National Oil Co. is accelerating the construction of a pipeline that runs to the port of Fujairah on the Gulf of Oman, according to a statement from the emirate’s media office posted on X. The company already operates a 1.5 million barrel-a-day pipeline from its oil fields to the port on the eastern coast, a link that has proven to be a lifeline for the country during the conflict.

The existing pipeline has helped the UAE continue to supply markets even as Iran practically closed off the normal route through Hormuz soon after the war began at the end of February. The pipeline, however, can carry less than half of ADNOC’s normal export volumes, likely affecting the country’s oil revenue. The UAE and Saudi Arabia are the only major Gulf producers able to get significant quantities of crude to market during the war. State oil companies of both countries have quietly managed to ship some cargoes out of the Gulf in recent weeks, avoiding the Iranian blockade.

Accelerating the pipeline expansion construction also follows the UAE’s decision to exit the Organization of Petroleum Exporting Countries. Freed of the group’s production limits, the UAE has said it plans to increase output to meet a war-related boost in demand. Additional export capacity through Fujairah will give the country more options even after Hormuz reopens to shipping.

U.S. lets waiver for Russian oil sales expire

(Bloomberg; May 16) - The Trump administration has allowed a waiver that encouraged more Russian oil sales to lapse, even as the Iran war stokes concerns about global supplies and higher fuel costs. The expiration ends a period of relaxed sanctions on some Russian oil, enabling purchases that would otherwise be barred. The administration issued an initial waiver in March and a second after the first expired in April — both applying only to Russian oil that already had been loaded onto tankers.

The waivers have been controversial, especially with European allies who see sanctions as essential to starving Russia of oil revenue and depriving Moscow funding for its war in Ukraine. Critics say the sanctions relief has served to enrich Moscow — even though it's been limited to waterborne oil — especially as crude prices surge. But some countries, including India and Indonesia, had lobbied the Trump administration for extended sanctions waivers, as the Iran war and the near-closure of the Strait of Hormuz deprive global markets of millions of barrels of crude daily.

The Trump administration has also pivoted on the issue, responding to entreaties from countries heavily reliant on crude imports. Treasury Secretary Scott Bessent in April initially said the U.S. would not renew the sanctions waiver allowing purchases of some Russian crude before ultimately issuing a new authorization two days later. Just as in April, lobbying from Asian allies and more tightness in the oil market could still prompt the administration to issue a new waiver later.

Qatari LNG exports could be crippled for years

(The New York Times; May 14) - In Doha, the stranded gas tanker Rasheeda has become a dark joke. For more than two months, the vessel has drifted in circles in the Persian Gulf near the Strait of Hormuz, carrying the liquefied natural gas that serves as the lifeblood of Qatar's economy. Residents track the ship on maritime apps and ask one another: "Where is Rasheeda today?" The looping tanker has become a symbol of the paralysis gripping global energy supplies — a crisis that has cost Qatar billions in lost revenue and helped create energy shortages worldwide.

Qatar, one of the world's largest exporters of liquefied natural gas, has seen its industry hobbled since war erupted in the Middle East nearly 11 weeks ago and Iranian strikes damaged critical infrastructure. Even facilities that remain intact have shut down because fuel cannot move through the closed Strait of Hormuz. Since the war began, ships have tried just about everything to get out of the gulf, from calling in high-level diplomatic favors to hand-stitching Pakistani flags, hoping ties to the country mediating the U.S.-Iran negotiations might secure safe passage.

State-owned QatarEnergy is the backbone of the economy. The consensus from interviews was that even if the strait reopened tomorrow, Qatari LNG exports would remain crippled for months and most likely impaired for years. The biggest obstacle is technical. Replacement parts for infrastructure damaged by Iranian attacks can take up to five years to procure. At the same time, global shipping companies no longer trust the route through the strait, potentially leaving much of Qatar’s remaining exports stranded.

One frequently discussed proposal is a gas pipeline across the Arabian Peninsula to a new liquefaction and export terminal in Jeddah on the Red Sea. Another would extend pipelines south to the Omani port of Duqm, allowing Qatari LNG to be loaded onto ships in the Arabian Sea. For now, the immediate urgency is reopening the Strait of Hormuz.

Coal making a comeback, particularly in Asia, as LNG supplies are cut

(Wall Street Journal; May 16) - Coal is making a comeback. Countries around the world are returning to the highly polluting but reliable source of power after the Iran war effectively shut the Strait of Hormuz and cut off around 20% of global liquefied natural gas supplies. Taiwan is restarting idled coal-fired power plants and South Korea boosted the amount of power it generated from coal by more than a third last month. In Europe, Italy has put its coal plants on standby as it girds for a prolonged energy shock.

“Coal is a buffer fuel right now. It is independent of geopolitics relative to LNG. It is a hedge,” said Tony Knutson, head of thermal coal markets at consulting firm Wood Mackenzie. “As long as the conflict endures and the strait remains closed, coal will fill that gap.” The return-to-coal trend is the latest sign of how the economic fallout from the war is rippling out around the world. It could also have an environmental impact. Many countries have worked to reduce coal consumption in recent years to fight climate change, and some have looked to generate power from LNG instead.

The conflict with Iran means an expected decline in coal demand by 2030 will likely now be delayed, Knutson said. To be sure, not all countries are switching back to coal, and analysts don’t expect the trend to last in the long term, especially if the strait reopens and LNG shipments resume. Most European countries have already diversified their energy supplies and accelerated the development of renewables. The shift back to coal is most pronounced in Asia, where some countries face imminent gas shortages.

[Shell-led LNG Canada project could make expansion FID this year]

(Reuters; May 14) - The proponents behind LNG Canada will make a final investment decision on whether to go ahead with an expansion by the end of this year, Canada's Natural Resources Minister said May 14. The Canadian government is working with the British Columbia government and Shell-led LNG Canada to collectively progress the final items needed to support a decision for the project, Minister Tim Hodgson said. The plant started exports last summer. At full ramp-up, the terminal in Kitimat, B.C., will be able to export 14 million tonnes per year; the proposed expansion would double that.

Shell and its project partners on May 1 approved hundreds of millions of dollars in incremental funding to help finalize critical work needed to get to a final investment decision, Hodgson said. The work includes further engineering, negotiating agreements with First Nations, supply chain and procurement, as well as construction work at LNG Canada's marine offloading terminal, said LNG Canada CEO Chris Cooper.

[Louisiana LNG project gets go-ahead with Abu Dhabi investment]

(Bloomberg; May 15) - Kimmeridge Energy Management approved the construction of a $13 billion liquefied natural gas export plant in Louisiana after securing investment from an Abu Dhabi sovereign fund. Mubadala Energy will provide equity financing for the Commonwealth LNG project, according to a statement from Kimmeridge company Caturus. The final investment decision includes $9.75 billion in project debt financing, putting it on track to move forward with construction and start operations by 2030.

Other investors include EOC Partners, BlackRock, Canadian Pension Plan Investment Board and a fund managed by Ares. Mubadala Energy’s investment is the latest sign that Middle Eastern investors are pushing ahead with deal-making despite the Iran war. The UAE has also reaffirmed its plans to invest more than $1 trillion into the U.S., despite concerns that outlays could be impacted by the conflict in the region.

Mubadala Energy already owned a 24% stake in Caturus, the company founded by Kimmeridge to develop the LNG project. The Houston-based firm also produces gas in Texas. Kimmeridge, based in Manhattan, primarily focuses on investing in U.S. oil and gas drillers. Building an LNG export terminal would be new for Kimmeridge. Commonwealth has long-term purchase agreements from LNG customers including Glencore, Mercuria, Saudi Arabian Oil Co., EQT Corp. and Malaysia’s Petronas.

[First Mideast LNG cargo since war started due in Japan this week]

(Nikkei Asia; May 16) - A tanker carrying liquefied natural gas from the Middle East via the Strait of Hormuz is set to reach the Japanese port of Futtsu as early as May 18, the first such shipment to reach the country since the strait was effectively closed because of the Iran conflict. The vessel is the Mraweh, owned by Abu Dhabi National Oil Co. of the United Arab Emirates. According to vessel-tracking data from European research firm Kpler, the ship loaded LNG at the UAE's Das Island in April. With its identification system signals turned off, the ship had passed through the Strait of Hormuz by May 6.

The Mraweh is expected to be the first LNG tanker to reach Japan by the strait since the U.S. and Israel launched a war on Iran in late February. The tanker signaled it is bound for the port of Futtsu, where JERA, Japan's largest power producer, operates LNG import facilities. LNG shipped through Hormuz accounted for about 6% of Japan's total imports in fiscal 2025, a relatively small share. But Tokyo is trying to broaden its sources since delays in normalizing transport could still have significant consequences.

In addition to increasing imports from existing suppliers such as the U.S., Japan is looking to new sources, such as the Republic of the Congo's FLNG2 (floating) project, which began commercial operations in February. A tanker carrying LNG from the African country is expected to arrive in the port of Nagoya on May 18. "This is a symbolic move to diversify Japan's procurement after the Middle East crisis," said Minoru Shiga, LNG editor at Tokyo-based energy research firm Rim Intelligence.

Abu Dhabi continues to load LNG, but masks location of tankers

(Bloomberg; May 16) - Abu Dhabi National Oil Co. is continuing to load liquefied natural gas onto tankers masking their location in the Persian Gulf, as the energy producer pushes to get more fuel through the Strait of Hormuz. An LNG tanker was docked at ADNOC's Das Island export terminal on May 15, according to satellite images, but no tankers were broadcasting their positions near the plant, ship-data showed.

Hormuz has remained virtually shut as the U.S. and Iran struggle to reach a peace agreement, with both sides enforcing a de facto blockade on a waterway that normally handles about a fifth of global LNG supply. Vessels continue to face security threats, and most of the transits through Hormuz take place with transponders turned off to avoid detection. LNG tankers linked to ADNOC have stopped transmitting signals around Hormuz and within the Persian Gulf, ship data shows.

So far, ADNOC has loaded three shipments on vessels that have gone dark since the war in Iran began, data from analytics firm Vortexa show. The tanker at Das Island on May 15 is the Umm Al Ashtan, according to Vortexa. The vessel stopped transmitting its location about two weeks ago when it reached the eastern entrance to the Strait of Hormuz, ship-data shows. Qatar, which also exports LNG via Hormuz, has asked ships near its main facility in the Persian Gulf to turn off their transponders as a safety measure, Bloomberg reported earlier in the week.

Japan may increase budget to help people cover rising utility bills

(Reuters; May 14) - Japan's government is looking at compiling a supplementary budget to reduce the burden on households from rising fuel bills, two government sources said on May 14, a move that would put pressure on the country's strained finances. A supplementary budget for the current fiscal year would support households that are likely to be hit by elevated gasoline prices and utility bills during the peak-temperature summer season, according to the sources.

Prime Minister Sanae Takaichi will make a decision on the extra budget around a Group of Seven leaders' summit in France in mid-June, said the sources, who declined to be identified. The extra budget would come in the form of an additional reserve fund on top of reserves of one trillion yen ($6.34 billion) that are earmarked for the current fiscal year through March next year. It is not clear how big the budget could be.

Takaichi has repeatedly downplayed the chances of compiling an extra budget with the view that the government has sufficient funds to pay for current fuel subsidies. But she has faced growing calls from ruling and opposition lawmakers to come up with a fresh package of plans to cushion the blow from surging oil prices and supply disruptions caused by the U.S.-Israeli war on Iran. Japan already curbs gasoline prices through subsidies. The government is also looking at tapping existing funds to revive subsidies for electricity and natural gas, a source has told Reuters.

India's cabinet approves $3.92 billion coal-gasification program

(Reuters; May 13) - India's cabinet approved a 375 billion rupee ($3.92 billion) program to boost coal-gasification projects, reducing reliance on imported fuels and channeling domestic coal into cleaner industrial uses, Information Minister Ashwini Vaishnaw said. The cabinet decision seeks to encourage the conversion of coal into synthetic gas that could be used to produce power, fertilizer and petrochemicals among other industrial applications. That, in turn, would help reduce India's imports of liquefied natural gas, urea, ammonia and methanol, Vaishnaw said on May 13.

The program comes as India's gas imports have been impacted by the Middle East crisis. Several countries, including the U.S. and China, are exploring coal-gasification technologies as part of efforts to cut emissions while continuing to rely on coal for energy. India, which has one of the world's largest coal reserves of 401 billion tons and 47 billion tons of lignite, aims to gasify about 75 million tons of coal annually, Vaishnaw said, with the program targeting 3 trillion rupees in investments. The government will provide financial assistance of around 20% of the cost of plant and machinery.

[New Mexico gubernatorial candidates talk how to spend oil windfall]

(Associated Press; May 14) - The global oil bottleneck has generated an enviable — and politically sensitive — financial windfall in New Mexico, a rare Democratic-dominated state where fossil fuels are a bedrock of progressive social services. New Mexico produces more oil than any other state besides Texas, and the state's revenue from taxes, royalties and lease sales helps cover the cost of college tuition, all school meals, health insurance and a new initiative for free universal child care.

Now that oil prices are surging, money is flooding into the state treasury and creating an uncomfortable situation for Democrats who oppose the war and would rather reduce their reliance on fossil fuels. “It’s hard for people to think about, ‘Oh great, we have this windfall,’ and children are getting killed on the other side of the world,” said Deb Haaland, the former U.S. Interior Department secretary running for governor. Haaland is one of two Democrats running for the job. Haaland worked to limit unfettered oil and gas exploration while serving in President Joe Biden's Cabinet.

Now she wants to use money amid the energy boom to increase New Mexico's child tax credit and boost the refundable working-families tax credit. Her rival for the Democratic nomination, Albuquerque-based District Attorney Sam Bregman, said he wants to offset inflation with one-time $500 checks from the state to residents making less than $200,00 a year. He also wants to waive personal income taxes on residents 65 and older. For every $1 fluctuation in the average annual price of oil, New Mexico sees a roughly $59 million swing in state government income for the year.

[LNG plant expansion will serve growing market to refuel ships]

(Squamish Chief; British Columbia; May 15) - Of the four or five liquefied natural gas plants either built, under construction or in development in British Columbia, all but one are focused on exports. FortisBC’s Tilbury Island LNG plant expansion is focused almost exclusively on marine transportation fueling. As more ships convert from heavy fuel oil to cleaner-burning natural gas, there is a growing business case for LNG bunkering in the Port of Vancouver, just north of the Tilbury plant.

“This is a growing market,” said Harly Penner, president of Seaspan Energy, which provides the fueling vessels that deliver LNG to ships. “We do have the ability to open up a new market in Vancouver. We already deliver to cruise (ships), tankers, container ships, car carriers.” Last month, FortisBC marked a milestone in its growing marine bunkering market. As of April 23, it had made 10,000 LNG deliveries since 2016. Most were to BC Ferries and Seaspan Ferries, which operate ferries powered by natural gas.

But there's a bigger market out there for LNG bunkering, and FortisBC is hoping to capture some of it with a C$3 billion investment in a new marine jetty and additional liquefaction and storage capacity at Tilbury Island. As the global marine sector moves to decarbonize shipping, LNG has emerged as the top alternative fuel of choice. The marine jetty was granted an environmental certificate last year. Construction is expected to start next year and be in service by the end of 2029. The expansion of liquefaction capacity from the current 250,000 tonnes per year would take it to 900,000 tonnes.

More Russian LNG transshipments occur close to Norwegian border

(The Barents Observer; Norway; May 15) – Russia’s Bolshaya Volokovaya Bay, on the western side of the Rybachy Peninsula (Fisherman’s Peninsula), is increasingly being used as a stopover site for tankers transporting sanctioned Arctic LNG. The site is located only about 20 miles from the Norwegian border. Tankers use the bay while waiting for transshipment operations at the Saam floating storage unit in Ura Bay.

Most of the vessels involved are subject to international sanctions. Among them are the Christophe de Margerie and the Aleksey Kosygin, two carriers that shuttle between the Arctic LNG 2 plant on the Gydan Peninsula and the Saam storage unit. Both the Arctic LNG 2 project and the Saam FSU are themselves subject to sanctions. The gas and related infrastructure belong to Novatek, a key developer of Russian Arctic gas projects. LNG from the Novatek-led Arctic LNG 2 is shipped to Ura Bay, where it is transferred to the Saam FSU before being exported by other tankers to international markets.

Since the beginning of April 2026, at least 12 LNG carriers have stopped in the bay on their way to the Saam transfer unit. The vessels’ flag states and ownership structures have changed repeatedly. Norwegian authorities are closely monitoring the shipments.