Oil and Gas News Briefs
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May 21, 2026

China has upper hand in negotiations over Russian gas pipeline

(Al Jazeera; May 20) - On the agenda at this week's Russia-China summit between Presidents Vladimir Putin and Xi Jinping was the long-delayed Power of Siberia 2, a proposed 1,616-mile pipeline to carry Russian gas from western Siberia through Mongolia to China. The two countries said May 20 they had reached an understanding about the route and construction of the line, but other details have yet to be negotiated. The line is expected to have a capacity of almost 4 billion cubic feet per day of gas.

Analysts said Russia wants to build the pipeline to replace revenue lost since European countries slashed their gas imports from Russia after Moscow's invasion of Ukraine in February 2022. For China, pipeline gas from Russia could offer a more secure alternative to imported liquefied natural gas. The new pipeline may sound like a win-win, but analysts said significant hurdles remain before the project can become a reality.

The pipeline is logistically feasible, as Russia's state-owned Gazprom has ample experience of building large-capacity, long-distance pipelines through challenging terrain, Jack Sharples, senior research fellow at the Oxford Institute for Energy Studies, told Al Jazeera. It takes several years to complete a pipeline, however. "The project may take a decade from start of construction to full capacity," Sharples said.

The line is "technically challenging" but the hold-up has "always been commercial terms," Seb Kennedy, CEO of the independent energy market analysis publication Energy Flux, told Al Jazeera. The May 20 discussions in China about "main parameters" are "diplomatic code" for lack of agreement on the price of the gas, he said. Price is the main stumbling block, analysts say, but unlike Russia, China is in no hurry to strike a deal. Russia's urgent need for revenue has given China the upper hand in negotiations.

Tanker delivers Russian LNG to China after almost 6 months at sea

(Reuters; May 19) - A carrier has delivered a liquefied natural gas cargo from Russia to China after almost half a year at sea, LSEG ship-tracking data showed, with Russia facing challenges to sell its LNG due to Western sanctions over Ukraine. According to the data, Perle docked at China's Beihai LNG terminal on May 19. It loaded the cargo at Russia's Portovaya LNG plant, which is under U.S. sanctions, on Dec. 8. Depending on the route, it usually takes up to 45 days to deliver an LNG cargo from Russia to Asia.

Russia's largest LNG producer, Novatek, uses the same import terminal in China for cargoes from its Arctic LNG 2 plant, which is also under U.S. sanctions. This month's arrival is the third cargo supplied to China from the plant on the Baltic Sea since Washington imposed sanctions in 2025. The first cargo was delivered last December. In the early stages of its operations, most cargoes from Portovaya were delivered to Turkey and Greece. Supply markets subsequently widened to China, Spain and Italy.

U.S. changes its mind and extends waiver to allow sale of Russian oil

(Financial Times; London; May 18) - The U.S. has extended a waiver on Russian oil sales as President Donald Trump tries to contain a rise in fuel prices that has stoked voter frustration over the cost of his Iran war. Treasury Secretary Scott Bessent said on May 18 that his department would issue a new 30-day license "to provide the most vulnerable nations with the ability to temporarily access Russian oil currently stranded at sea." The decision reverses the administration's earlier action letting the waiver lapse.

The move is the second extension of a waiver that was introduced by the Trump administration in March to allow Russian oil subject to sanctions to flow to markets as part of Washington's efforts to stem a surge in the price of oil. The administration has struggled to contain a jump in oil prices since the president launched his war against Iran in late February. Brent crude, the international benchmark, has risen by over 50% to trade at more than $110 a barrel on May 18. That has driven up prices at the pump, with U.S. gasoline prices rising 51% to an average $4.52 a gallon, according to AAA.

Diesel, a crucial input for U.S. industry, has risen by a similar margin to $5.63 a gallon, approaching its all-time high. A paper published on May 18 by Brown University found the war in Iran had cost Americans more than $40 billion in additional fuel costs since its outbreak. Voter frustration has mounted over the rising cost of the conflict, with a recent Financial Times poll finding that 58% of Americans disapproved of Trump's handling of the cost of living. The waivers on Russian oil have proved particularly controversial and led to accusations that the administration is bolstering Moscow's war chest.

U.K. eases sanctions on fuels refined from Russian crude

(Financial Times; London; May 19) - The U.K. government has softened new sanctions on Russian oil and gas in a move intended to avoid supply problems during the Iran crisis. The decision, quietly announced by the government on May 19, includes waivers on new sanctions blocking purchases of jet fuel and diesel refined from Russian crude oil in third countries and echoes a similar move by the U.S. The waiver — which Conservative leader Kemi Badenoch labeled "insane" — began on May 20 and is intended to address supply concerns caused by the blockade of the Strait of Hormuz.

The U.K. announced the ban on imports of refined fuels such as diesel and jet fuel made from Russian crude oil in October 2025, extending restrictions that had barred the direct import of oil and fuels produced in Russia since December 2022. “After 18 months of ‘standing up to Putin’ the Labor government quietly issued a license allowing imports of Russian oil refined in third countries,” Badenoch said on X. “We are now importing from Russia instead of drilling in the North Sea. Insane.”

The U.S. on May 18 extended a sanctions waiver allowing purchases of Russian oil already at sea to support energy-vulnerable countries. The move is the second extension of a waiver introduced by the Trump administration in March that allowed Russian oil subjected to sanctions to flow to global markets as part of Washington’s efforts to stem a surge in the price of oil.

Russia adds to fleet of tankers loading from sanctioned LNG project

(Bloomberg; May 18) - Four liquefied natural gas tankers that until recently serviced Oman’s export plant are beginning to load fuel from a U.S.-sanctioned Russian project, the latest sign of Moscow’s efforts to boost shipments and skirt Western restrictions. The Kosmos docked over the weekend alongside the blacklisted Saam floating LNG storage and transshipment unit near Murmansk in western Russia before later departing with a deeper draft, a sign that it had taken on a cargo, according to ship-tracking data.

Three other former Omani vessels — Merkuriy, Orion and Luch — have also picked up from Saam or are positioning to dock there, ship data shows. Saam stores fuel produced by the U.S.-sanctioned Arctic LNG 2 plant, which is only accessible to vessels with icebreaking capability for most of the year. Shipping is the key bottleneck for Russia’s fuel trapped in its northern region, and the extra tankers could allow the nation to expand its exports. Conventional LNG tankers shuttle cargoes to customers from the storage unit in ice-free waters, while icebreaking tankers bring LNG to the storage unit.

Kosmos earlier this year switched to the Russian flag, changed its name and shifted ownership to a little-known company. Merkuriy picked up fuel from Saam earlier this month and is currently in the Atlantic, likely heading to Asia. Orion and Luch are nearby, ship data shows. The developments mean that there are now at least 20 tankers being used to ferry LNG from sanctioned Russian projects, according to Bloomberg analysis.

Higher oil prices have cost Americans $45 billion since war started

(Wall Street Journal; May 16) - The largest oil disruption in history is widening a divide in the economy. Americans have cumulatively spent about $45 billion more on gasoline and diesel during the war with Iran than they did during the same period a year ago, according to an analysis of OPIS pricing data and federal demand figures. The surging costs are eating an outsize share of low- and middle-income consumers' paychecks, darkening their outlook relative to the well-off.

At the same time, investors in oil-and-gas companies are watching their portfolios swell. Big energy returns have bolstered a blockbuster corporate-earnings season and added a boost to the artificial-intelligence-led rally that has pushed the stock market to records. While higher inflation and borrowing costs have stressed less-affluent Americans, many economists believe high earners will continue powering the U.S. ahead.

President Donald Trump campaigned on cutting Americans' energy costs in half. Now, higher prices are contributing to his sagging poll numbers and some of the lowest consumer-sentiment readings on record. "The question is, of course, who is the U.S.?" said Isabella Weber, an economics professor at the University of Massachusetts, Amherst. "If we look at the different income groups in the United States, it's really the richest of the rich who benefit from this. The majority of people hardly have any benefit from it and are in fact carrying a much larger cost burden."

Motor oil prices rising, supply shortages possible

(CNN: May 19) - Wholesale motor oil prices are rising rapidly, and some industry executives are warning of imminent shortages caused by the war with Iran. The risk is that some of the most popular kinds of motor oil will be in very short supply, forcing drivers to delay getting their oil changed or rely on suboptimal lubricants. "We're looking at shortages — I have no doubt in my mind," Holly Alfano, CEO of the Independent Lubricant Manufacturers Association (ILMA), an industry trade group, told CNN.

"It's a big mess — and it's not going to be resolved quickly. It could take a year or so before we see any real relief," Alfano said. Tom Glenn, president and founder of Petroleum Trends International and publisher of industry publication JobbersWorld, has chronicled the multiple rounds of dizzying price hikes on motor oil since the war started. "Three rounds of price increases over two and a half months is unheard of. The magnitude is stunning," Glenn said. "I've never seen anything quite like this."

The factors are higher prices for crude, base oils, additives, transportation, packaging and logistics. Not only are prices rising, but ILMA warns of an "imminent shortage" of low-viscosity grade oils, including 0W-16, 0W-8 and 0W-20 — the most important grade of motor oil on the market today. It's the go-to oil for newer vehicles, accounting for roughly one-third of total passenger car motor oil demand last year, according to Petroleum Trends International. One problem is that almost half of the most important base used to make motor oil comes from three Persian Gulf nations, according to ILMA.

IEA warns world's commercial oil inventories are 'declining rapidly'

(Reuters; May 18) - Fatih Birol, head of the International Energy Agency, said on May 18 that commercial oil inventories were depleting rapidly, with only a few weeks worth left due to the Iran war and the closure of the Strait of Hormuz to shipping. Birol, who is participating in the Group of Seven finance leaders meeting in Paris, told reporters that the release of strategic oil reserves had added 2.5 million barrels of oil per day to the market, but said these reserves "are not endless."

The onset of the spring planting and summer travel seasons in the Northern Hemisphere will drain inventories more quickly as demand for diesel, fertilizer, jet fuel and gasoline increases, Birol added. Birol said that before the U.S. and Israel launched attacks on Iran on Feb. 28 there was a surplus in oil markets and commercial inventories were very high. But the situation has rapidly shifted due to the war. Reserves are being pulled from national and commercial inventories worldwide.

Birol said commercial inventories would last "several weeks, but we should be aware of the fact that it is declining rapidly." Global observed oil inventories fell at a record pace in March and April, dropping by 246 million barrels, the IEA said in its latest monthly market report. The 32-member IEA coordinated the largest-ever release of stocks from national strategic reserves in March, agreeing to withdraw 400 million barrels in a bid to calm markets. Around 164 million barrels had been released by May 8, it said.

Iraq's oil exports through Hormuz down 90% from before the war

(Reuters; May 16) - Iraq exported 10 million barrels of oil via the Strait of Hormuz in April, down from about 93 million barrels monthly before the Iran war, an almost 90% drop, the country's new oil minister, Basim Mohammed, said at a press conference on May 16. The closure of the strait due to the Iran war has curtailed oil exports from Saudi Arabia, the United Arab Emirates, Kuwait and Iraq, sending prices sharply higher.

Iraq is currently producing 1.4 million barrels per day. Separate from its seaborne oil exports through the strait, the country's exports through the Kirkuk–Ceyhan oil pipeline resumed in March, after Baghdad and the Kurdistan Regional Government agreed on restarting flows. "We export 200,000 barrels through (Turkish) Ceyhan port, and we have a plan to increase it to 500,000 barrels", Mohammed said.

Iran stores oil at sea aboard aging tankers amid U.S. blockade

(Financial Times; May 18) - Iran is being forced to store oil on aging tankers anchored in the Gulf as the U.S. blockade puts a squeeze on Tehran's ability to export to the Far

East. About 39 tankers laden with Iranian oil and petrochemicals are currently in the Gulf, compared with 29 before the U.S. blockade came into force on April 13, according to data from United Against Nuclear Iran (UANI) — with a major buildup of ships now moored near the Kharg Island oil export terminal.

The Financial Times and UANI have also identified a further 13 suspected tankers moored off Iran's Chabahar port on the Gulf of Oman, on the eastern side of the Strait of Hormuz, just within the theoretical blockade line of the U.S. Navy. The buildup shows the apparent effectiveness of the blockade, which has a stated aim of subjecting any Iranian vessels or those that are suspected of carrying Iranian cargoes to "visit, board, search and seizure" by the U.S. Navy in an attempt to cut off Iran's oil revenues.

The effect has been to largely trap Iranian oil, forcing Tehran to bring back old tankers to use for at-sea storage. A 30-year-old supertanker, for example, which analysts say was last used more than two years ago, started signaling a position in the Gulf at the end of April. Yui Torikata, an analyst at analytics firm Kpler, said the amount of Iranian crude oil in tankers in the Gulf was at its "highest level since the beginning of the conflict and has remained elevated since early May." There are 42 million barrels of crude on Iranian tankers in the Middle East, up 65% since the start of the conflict, Kpler said.

Tankers exit Strait of Hormuz for Korea and China

(Reuters; May 20) - Two supertankers exited the Strait of Hormuz on May 20 while another is making its way out. The three had been waiting in the Persian Gulf for more than two months with 6 million barrels of Middle East crude onboard, shipping data on LSEG and Kpler showed. The ships are among a handful of supertankers exiting the Gulf this month via a transit route that Iran has ordered ships to use.

The South Korean-flagged carrier Universal Winner, carrying 2 million barrels of Kuwaiti crude loaded on March 4, is exiting the strait following the departure of two Chinese tankers on May 20, the data showed. Kpler data showed the tanker is heading to Ulsan, where the country's largest refiner, SK Energy, is located, to offload its cargo on June 9. On of the vessels to exit the strait on May 20, chartered by Unipec, the trading arm of Asia's largest refiner Sinopec, is expected to reach Shuidong Port near Maoming city in southern Guangdong province, on June 4 to discharge its cargo, according to the data.

Nigerian oil companies seize the opportunity to boost production

(Bloomberg; May 20) - Nigerian oil companies are plowing windfall gains from the Iran-war crude rally into near-term production gains, boosting the drive by Africa's top producer to double output within four years. Dozens of small and mid-sized firms that produce less than 50,000 barrels per day have spent years snapping up assets shed by international oil companies. Now they're capitalizing on supply constraints caused by the effective closure of the Strait of Hormuz by lifting output.

"It's good planning meeting opportunity," said Wisdom Enang, a former manager at Exxon Mobil in Nigeria. Production from the small producers could add 200,000 to 300,000 barrels per day before the end of the year, he said. Nigeria's production is already on an upward path, rising to 1.6 million barrels a day in April — the biggest monthly increase in almost three years, according to data compiled by Bloomberg.

Production is increasing after President Bola Tinubu took steps to attract investment into an industry long hobbled by aging infrastructure, theft and vandalism. The measures include a policy revamp that added tax incentives and streamlined contract approvals, along with an overhaul of the leadership at the state-owned oil company. Still, oil prices at $100 a barrel and higher are the biggest factor driving domestic producers including Oando Energy Resources, which bought assets from Italian major Eni in 2024.

Japan and South Korea agree to share and swap oil and LNG

(Financial Times; London; May 19) - Japan and South Korea have agreed to deepen energy cooperation in response to the crisis in the Strait of Hormuz, pledging to share oil reserves and supplies of refined petroleum products including jet fuel, in the latest sign of warming ties between Tokyo and Seoul. The plan, which was jointly announced by South Korean President Lee Jae Myung and Japanese Prime Minister Sanae Takaichi on May 19, covers joint oil reserve storage and liquefied natural gas swap arrangements to strengthen supply-chain resilience.

Both countries are highly dependent on imported energy: Japan is the world's second-largest liquefied natural gas importer, and South Korea the third largest. The two leaders "agreed that close bilateral cooperation is needed more than ever amid the instability in supply chains and energy markets arising from the recent situation in the Middle East," Lee said in a statement. "Both countries feel a sense of economic crisis with the Iran war dragging on," said Bong Young-shik, a research fellow at Yonsei University Institute for North Korean Studies.

Singapore says it has bought enough LNG to last until end of year

(Bloomberg; May 19) - Singapore has bought enough liquefied natural gas to last through the end of the year, as it replaces shipments stuck behind the Strait of Hormuz due to the Iran war. State-owned Singapore GasCo, which was established last year, secured shipments from regions outside the Middle East via the spot market, Chief Executive Officer Alan Heng said on May 19. The company is also eyeing long-term deals with various suppliers, including the U.S., Australia and Canada, he said.

The company, who had planned to build Singapore's long-term gas supply portfolio this year, shifted its strategy after the U.S. and Israel launched strikes on Iran in late February, disrupting traffic through Hormuz — a key waterway for a fifth of global LNG supply. Since then, the company has also been managing Singapore's short-term requirements and buying spot shipments, Heng said.

Singapore relies on gas to generate nearly all of its electricity; it imported more than 40% of its LNG from Qatar last year. In March, Singapore warned of higher electricity prices as the conflict strains supplies. "We have secured enough LNG to manage the curtailment we are seeing come through" from the Middle East, said Heng. The importer is looking to buy as much as 4 million tonnes of LNG per year by 2032, with the amount depending on factors including availability of piped gas, new power plants and demand.

Eni considering a third floating LNG production unit for Mozambique

(Reuters; May 19) - Italian energy group Eni is considering deploying a third floating liquefied natural gas (FLNG) platform offshore Mozambique, a company spokesperson said. Eni took a final investment decision on its second platform, Coral North, in October last year. That facility will double Mozambique's LNG output to over 7 million tonnes per year once operational in 2028. The first offshore facility started exports in 2022.

"Eni is currently assessing the possibility of advancing with a third project based on the FLNG technology," the spokesperson said, confirming a report by Portuguese news agency Lusa. The Rovuma Basin near the border of Tanzania and Mozambique holds between 160 trillion and 200 trillion cubic feet of gas, according to the U.S. Energy Information Administration, making it one of the largest reserves globally. Mozambique's reserves also have attracted TotalEnergies and Exxon Mobil, which are each developing separate onshore LNG projects that will draw their gas from the Rovuma Basin.

Europe working to avoid jet fuel shortages during busy summer

(Financial Times; London; May17) - European airlines and oil refiners are growing more confident the continent can avoid outright jet fuel shortages this summer after plants maximized output, boosted imports and governments tapped strategic reserves. While refiners still believe the peak travel season will be a "stress test" for the sector, given the loss of Middle East supplies, multiple oil companies said a warning of shortages within weeks from the International Energy Agency seemed unlikely to come to pass.

Spanish energy group Repsol said it had increased jet fuel production for the coming months by 20% to 25% compared with the same period last year by reconfiguring its refineries to produce higher kerosene yields from each barrel of crude. The increase is unusually large for a refining system where operators typically have limited flexibility to shift output between products. Antonio Mestre, head of refinery operations at Repsol, said the move was intended to “get the summer season covered,” as Spain typically experiences intense jet fuel demand during the peak travel period.

Europe has so far avoided severe disruption after the head of the International Energy Agency warned in April that the region had “maybe six weeks of jet fuel left,” with airlines curbing only a handful of unprofitable short-haul routes. British Airways said earlier this month that it had enough suppliers for its entire summer schedule, while Air France said its airports had sufficient reserves to cover several months.