

Oil and Gas News Briefs

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China changes message on coal, allowing more growth until 2030

(Bloomberg; Oct. 29) - A subtle change in language used by the Chinese government has left room for the world's biggest coal user to prolong rising consumption through the end of the decade. The Communist Party said in a communiqué on Oct. 28 that China would seek a peak in coal and oil use during the 15th Five-Year Plan period, which runs 2026 to 2030. The message differs slightly from President Xi Jinping's remarks in 2021, when he said Beijing would phase down coal consumption during the 2026-2030 period.

While each choice of phrasing leaves room for interpretation, there is an important distinction: The new language allows for coal consumption to peak as late as 2030, while the previous directive required at least some reduction in coal use by then. "While on the one hand, it's good that the peak language for coal and oil made it into the proposal at this level, it doesn't specify when exactly this peak would happen over the next five years," said Belinda Schäpe, a China policy analyst at the Centre for Research on Energy and Clean Air. "It could leave room for more growth" until 2030.

The new wording perhaps reflects a broader shift in China's coal industry since Xi's April 2021 speech. Later that year, the country was hit by a series of widespread power shortages due mostly to a lack of coal. The government responded by pushing for a massive increase in domestic mining and imports, even as it ramped up spending on solar panels and wind turbines. The role played by the industry is also changing. Rapid growth in renewable energy is squeezing coal out of the power sector. Increasingly, however, coal is being converted into oil products, gas and building blocks for plastics.

China importing more oil, building up reserves

(Wall Street Journal; Nov. 1) - China has spent months building up its oil reserves. That might come in handy in the wake of the new sanctions the U.S. recently imposed on Russian crude. During the first nine months of the year, the world's second-largest economy imported on average more than 11 million barrels of oil a day, an amount above the daily production of Saudi Arabia, according to official customs data. Analysts estimate 1 million to 1.2 million of those barrels were stashed in reserves each day.

Low oil prices and concern over Ukraine's repeated attacks on Russia's production facilities help explain the timing of the buying spree, which accelerated in March. China is the world's biggest importer of crude and the largest buyer of Russian oil. Energy security has long been a priority for China's leaders. The country's dependence on

foreign nations for its crude oil — China imports about 70% of the oil it consumes — is a headache. “The energy rice bowl must be held in our own hands,” Chinese leader Xi Jinping has said repeatedly over the years.

China’s appetite for oil has had another consequence: It has helped put a floor on prices, which approached a nearly five-year low in October. International benchmark Brent is trading near \$65 a barrel, down 13% this year. “If China really stops buying, the path toward low \$50 would be very quick,” said Michael Haigh, global head of fixed-income, currencies and commodities research at Société Générale. China appears to have room to store more oil. Its storage capacity rose to just over 2 billion barrels at the end of 2024 from 1.4 billion barrels in 2015, said Lin Ye, an analyst at Rystad Energy.

OPEC+ members agree to boost production in December, then pause

(Wall Street Journal; Nov. 2) - The Organization of the Petroleum Exporting Countries and its allies agreed to boost oil production next month but said they would soon pause output increases. Eight OPEC+ members led by Saudi Arabia said they would raise production by 137,000 barrels a day in December — the same increase agreed on for November and October — the group said Nov. 2 after an online meeting. However, the eight said they wouldn’t increase production in the first three months of next year,

“Due to seasonality, the eight countries also decided to pause production increments in January, February and March 2026,” the group said. The move comes after a month of turmoil in the oil market. Prices traded close to a five-year low last month on concerns about a supply glut, fueled by OPEC production increases and a cloudy macroeconomic outlook. The market was then jolted by new U.S. sanctions on Russia’s two largest oil companies. “Yes, OPEC+ is blinking — but it’s a calculated blink,” said Jorge León, Rystad’s head of geopolitical analysis. “By pausing, OPEC+ is protecting prices, projecting unity and buying time to see how sanctions play out on Russian barrels.”

Both Brent crude and West Texas Intermediate ended October lower — finishing the month at around \$65 and \$61 a barrel, respectively — and have retreated about 15% so far this year. The OPEC+ members’ decision to increase output builds on earlier moves by the group to unwind a layer of production curbs totaling roughly 1.65 million barrels a day, which was first implemented in 2023. An earlier layer of production curbs, totaling 2.2 million barrels a day, already had been fully rolled back a year ahead of schedule.

Discounts on Iranian oil deepen for Chinese buyers

(Reuters; Oct. 29) - The discounts on Iranian oil offered to China have hit their widest in more than a year, as tightening sanctions on Russia and Iran squeeze buying from independent refiners already constrained by a shortage of government-issued crude

import quotas, sources said on Oct. 28. The U.S., Britain and European Union recently imposed a wave of trade restrictions on top Russian oil producers and other industry players, aiming to pressure Russian President Vladimir Putin to end the Ukraine war.

The sanctions have prompted some buyers in China and India, the two biggest Russian oil buyers, to pause their purchases, causing a sharp decline in prices for Russian crude and adding unsold Russian shipments on top of already ample Iranian supplies, trade sources said. The latest disruptions come on top of earlier sanctions by Washington targeting entities it said were involved in the Iranian oil trade, including four Chinese refiners as well as ports and vessels.

The measures have disrupted logistics and increased sanctions fears among buyers, traders said. They pointed to a stand-off between buyers and sellers of Iranian oil this week. "There was just too much supply, and the market is directionless," said a China-based trader. Offers for Iranian Light crude slipped to discounts wider than \$8 a barrel to benchmark Brent for December arrival, compared with a discount of \$6 in September and \$3 in March. Some bids sank to discounts of \$10, as buyers sought lower prices to make up for sanctions risks and potential issues at Chinese ports, the sources said.

[China's state-owned refiners stay away from Russian oil](#)

(Bloomberg; Nov. 2) - Chinese oil refiners are shunning Russian shipments after the U.S. and others blacklisted Moscow's top producers and some of its customers. State-owned giants such as Sinopec and PetroChina are staying on the sidelines, having canceled some Russian cargoes in the wake of U.S. sanctions on Rosneft and Lukoil last month, according to traders. Smaller private refiners, dubbed teapots, are also holding off, fearful of attracting similar penalties to those faced by Shandong Yulong Petrochemical Co., which was recently blacklisted by the U.K. and European Union.

The Russian crudes affected include the widely favored ESPO grade, which has seen prices plunge. Consultancy Rystad Energy estimates some 400,000 barrels a day, or as much as 45% of China's total oil imports from Russia, are affected by the buyers' strike. Russia has become China's top supplier, in part because its oil is so heavily discounted due to the penalties imposed by other countries after the invasion of Ukraine.

[Russia's Lukoil will sell foreign assets to commodity trader Gunvor](#)

(Reuters; Oct. 30) - Lukoil said Oct. 30 that it had accepted an offer from global commodity trader Gunvor to buy its foreign assets, which Russia's second-largest oil company is seeking to sell after Washington imposed sanctions on it last week. The planned asset sale is the most consequential action so far by a Russian company resulting from Western sanctions imposed over the war in Ukraine. "The key terms of

the transaction have been earlier agreed by the parties. On its side, (Lukoil) accepted the offer, having undertaken not to negotiate with other potential buyers,” Lukoil said.

The U.S. Treasury Department has issued a license giving companies until Nov. 21 to wind down any transactions with Lukoil and Rosneft, another Russian energy firm targeted by the new round of sanctions. “If necessary, the parties plan to apply for an extension of the current license,” Lukoil said. The deal is subject to permission from the Treasury’s Office of Foreign Assets Control, it added.

Gunvor rose to prominence in the 2000s as the world’s biggest trader in Russian oil. Its shareholders at the time included Gennady Timchenko, a close ally of President Vladimir Putin, who sold his stake in Gunvor after the U.S. targeted him with sanctions following Russia’s 2014 annexation of Crimea. Like many trading houses, Gunvor has profited heavily from a rally in oil and gas prices that began with the outbreak of the war in Ukraine and Europe’s move to cut its dependence upon Russian energy.

India’s top refiner buys Russian oil from non-sanctioned suppliers

(Reuters; Oct. 31) - Indian Oil Corp., the country's top refiner, has bought five cargoes of Russian oil for December delivery from non-sanctioned entities, traders said, resuming purchases despite U.S. pressure on India to stop buying Russian oil. Washington last week imposed sanctions on Rosneft and Lukoil, Russia's two largest oil companies, stepping up efforts to pressure President Vladimir Putin to end the war in Ukraine.

Since then, many Indian refiners including state-run Mangalore Refinery and Petrochemicals, HPCL-Mittal Energy and Reliance Industries, operator of the world's biggest refining complex, have paused buying Russian oil. Indian Oil Corp.’s head of finance, Anuj Jain, however, has said his company will continue to buy Russian oil if the barrels are in compliance with sanctions. India has become the biggest buyer of Russian seaborne crude over the past three years, benefiting from heavy discounts.

The refiner had previously cancelled seven or eight cargoes of Russian oil after the announcement of the latest U.S. sanctions as they were supplied by subsidiaries of the sanctioned entities, two sources said.

Mexico becomes a big market and export outlet for U.S. shale gas

(Federal Reserve Bank of Dallas; Oct. 31) - A growing portion of Mexico’s economic development over the past 25 years has been powered by natural gas imported from the U.S. While U.S. gas production has boomed over the past 15 years, Mexico’s output has steadily declined. Imports now supply nearly three-quarters of Mexico’s domestic gas demand. Abundant U.S. shale gas supplies have contributed to historically low

prices while supporting increased economic development. In addition, U.S. interests are building liquefied natural gas terminals in Mexico as bases for more U.S. gas exports.

By 2023, Texas and New Mexico natural gas production reached 102% of 2004 levels, 35.6 billion cubic feet per day. Natural gas at the Waha hub in Texas is now frequently priced below zero, meaning producers pay to be rid of it. This occurs when production exceeds the capacity to pipe the gas to consumers or LNG facilities, when local equipment fails or even during routine infrastructure maintenance. Gas exports are essential for West Texas and New Mexico, where oil production would be limited without the ability to ship the co-produced natural gas to consumers.

Booming U.S. supplies have driven a surge in LNG exports to the world and significant increases in pipeline exports to a growing Mexican market. But completion of an LNG export facility on Mexico's Baja California Pacific Coast is behind schedule due to cost overruns, labor availability, financial challenges, lawsuits and re-export permit issues from the U.S. government. These challenges and the recent history of rescinded Mexican energy reforms have limited investor interest and cast doubt about the future of additional proposed Pacific Coast LNG export terminals.

[New \\$2.3 billion pipeline will serve Gulf Coast LNG exports](#)

(Midland Reporter-Telegram; Texas; Oct. 31) – A new \$2.3 billion Gulf Coast pipeline could pave the way for Permian gas to make its way to liquefied natural gas export terminals. ARM Energy Holdings has made the final investment decision to construct the 236-mile, 42-inch-diameter Mustang Express pipeline. ARM Energy will build and operate the line with its partners, Pacific Investment Management Co. and associated co-investors. ARM is holding a nonbinding open season on the line to Nov. 17.

“I think this absolutely paves the way for more Permian molecules to make their way to LNG, particularly since it appears that most of the volumes on Mustang are contracted for Sempra's Port Arthur LNG,” Oren Pilant with East Daley Analytics told the Reporter-Telegram. Pilant said Mustang Express will create a major gas corridor from the Waha gas pricing hub in Texas to serve LNG demand on the Louisiana border.

ARM and PIMCO made the investment decision after Sempra Infrastructure made an anchor-shipper commitment for gas to its Port Arthur LNG Phase 2 project, which also recently achieved FID. The pipelines will have total capacity of 2.5 billion cubic feet per day and are expected to be completed in late 2028 or early 2029. Mustang Express will include three primary segments:

Tokyo Gas plans continued investment in U.S. shale gas assets

(Nikkei Asia; Oct. 30) - Tokyo Gas aims to invest 350 billion yen (\$2.3 billion) over three years in overseas operations, including U.S. shale gas development and liquefied natural gas production, under a new medium-term business plan that scraps targets for the introduction of renewable energy over uncertain profitability. President Shinichi Sasayama positioned American operations as key to the growth strategy, telling a news conference on Oct. 28 that the company will "steadily advance shale asset development." The new plan covers the three fiscal years through March 2029.

Tokyo Gas procured 770,000 tonnes of LNG from the U.S. in the fiscal year ended March. In addition, in recent years it has invested directly in U.S. shale gas assets. The company acquired U.S. shale gas developer Rockcliff Energy II for about \$2.7 billion in 2023. Tokyo Gas said in April it would acquire 70% of Chevron's shale gas interests in East Texas in stages for \$525 million. Tokyo Gas aims to use U.S. gas to stabilize its LNG procurement while also strengthening its earnings base.

The company has until now sourced LNG mainly from Australia. But with concerns over resource depletion and energy security, Australia has repeatedly indicated that it would prioritize domestic gas demand over LNG exports. The latest plan from Tokyo Gas omits the renewable energy targets found in its current plan. The profitability of offshore wind and synthetic methane projects has become uncertain, and shifting investment from financially uncertain renewables to the more profitable U.S. shale gas sector also reflects Tokyo Gas' current capital policy, which favors shareholder returns.

Shell's finance chief says LNG project delays could create uncertainty

(Reuters; Oct. 30) - The finance chief of Shell, the world's biggest LNG trader, said Oct.30 that the exact timing of new LNG projects starting up around the world is in flux, which could create uncertainty about long-term supply. The comments by CFO Sinead Gorman suggest a note of caution as forecasts point to ample LNG supply in the future, although she was not concerned about the European Union's move this month to ban Russian liquefied natural gas imports from January 2027, a year earlier than planned.

Some estimates see global liquefied natural gas supplies jumping many times over by then, led by U.S. and Qatari volumes. "We understand why the (EU) proposals have been put in place and, frankly, we think the LNG market is resilient, regardless of what rules are in place as well. We believe the market will find a balance at the end of the day," Gorman told reporters. New LNG projects are, however, seeing delays as they face rising construction costs, with U.S. LNG exporters seeking to renegotiate deals.

"Supply growth on the horizon and those timings are uncertain. You've seen those move quite a few times between years," Gorman said. Shell expects global demand for LNG

to grow up 60% by 2040 and wants to boost its LNG sales by 4% to 5% a year throughout this decade. It sold more than 65 million tonnes last year.

Japan's buyers say there are options if Russian LNG is shut off

(Reuters; Oct. 31) - Japanese utilities JERA, Tohoku Electric Power and Kyushu Electric Power, all liquefied natural gas buyers from Russia's Sakhalin-2 project in the Far East, can secure alternative supplies if flows are interrupted, executives said, as the U.S. pressures countries to halt energy imports from Russia. The U.S. this month urged Japan, along with other Russian energy buyers, to stop imports, as it pushes the Kremlin toward ending the war in Ukraine.

Japan's long-term contracts with Sakhalin-2 cover about 9% of its LNG imports. JERA gets about 2 million tonnes of LNG per year from the project under two contracts ending in 2026 and 2029. Taking into consideration JERA's imports from Sakhalin and the company's overall LNG volumes, including an option to tap the spot market, "there is a good chance that we will be able to do something" in case Sakhalin supplies need to be replaced, Naohiro Maekawa, an executive officer with JERA, told a briefing on Oct. 31.

Tohoku Electric, which gets around a tenth of its LNG from Sakhalin, is working to diversify supplies to mitigate a risk of a sudden interruption, senior executive Takayoshi Enomoto said on Oct. 30. Tohoku's contract with the project expires in 2030. Kyushu Electric, which gets a half million tonnes of LNG per year from a Sakhalin-2 deal that is expiring in 2031, would consider bringing forward delivery from other contracts, spot purchases and other market procurements in case of disruption, Yoshikazu Miyazono, the deputy general manager at the firm's Tokyo branch, said on Oct. 31.

Russia's largest LNG producer says other buyers will replace EU

(Bloomberg; Oct. 30) - Russia's liquefied natural gas will find other markets after the European Union bans imports from 2027, said Leonid Mikhelson, the billionaire chief executive officer at Novatek. "Russia currently accounts for over 10% of global LNG production," Mikhelson said at the Verona Eurasian Economic Forum in Istanbul. EU-banned volumes "will simply go to other markets," as it is "impossible" to exclude them from the global gas balance. The EU ban, confirmed earlier this month, will lead to "unprecedented price hikes, and the European consumer will pay most," he said.

The EU's plan to ban imports of the fuel from Russia is another move designed to hurt Moscow's ability to finance its war against Ukraine. Europe's ratcheting up of the pressure on the Kremlin's oil and gas flows coincided with the U.S. blacklisting the two largest Russian oil producers, Rosneft and Lukoil. Europe has become heavily more

reliant on LNG cargoes from global suppliers since Russia throttled pipeline gas flows to the continent following its invasion of Ukraine in early 2022.

The LNG market is set for a glut with a wave of new supplies emerging next year and in 2027. Novatek — Russia's largest LNG producer — isn't specifically listed under U.S. sanctions. However, all of its future LNG projects as well as the currently operating Arctic LNG 2 are on the U.S. blacklist. So far cargoes from Novatek-led Yamal LNG continue to flow to Europe. Arctic LNG 2 found a lifeline a couple of months ago when the Beihai import terminal in China started accepting sanctioned cargoes. The facility has received 12 loads since late August, with more tankers still heading toward Asia.

Russian LNG carrier struggles through sea ice as winter sets in

(gCaptain; Nov. 2) - A Russian liquefied natural gas carrier from the country's so-called shadow fleet, the Buran, is battling thickening sea ice along the Northern Sea Route, underscoring the risks Moscow faces in keeping Arctic energy exports flowing as winter sets in. The vessel is part of a fleet of tankers operating outside Western insurance and tracking systems after sanctions restricted Russia's energy exports.

The Buran departed from the Koryak floating gas storage unit in Kamchatka in Russia's Far East after offloading its cargo on Oct. 26. It reached the Northern Sea Route north of the Bering Strait on Oct. 29 and for the past three days has been struggling to find a path through early winter sea ice back toward an LNG export facility. With a medium Arc4 ice-class, the vessel is permitted to operate independently, without icebreaker escort, in light ice. For more severe ice conditions, it requires an icebreaker escort.

The Buran's struggle highlights the limits of the shadow fleet outside of the summer season as Russia leans heavily on the Northern Sea Route to sustain shipments from its Arctic LNG 2 project. Buran's sister ship Vokshod is approaching the same waters from the west, following behind the nuclear icebreaker Sibir. In recent weeks Novatek's flagship LNG project successfully completed a dozen deliveries to China's Beihai terminal. Though experts question what level of production the company can sustain during winter and spring when the Northern Sea Route is blocked by thick sea ice.

Japan's top LNG buyer sees growing demand in other Asian nations

(Bloomberg; Oct. 31) - JERA, Japan's largest power generation company and liquefied natural gas buyer, sees more opportunities to use the fuel to meet surging electricity demand in nations including current LNG exporters Malaysia and Indonesia. It is "very difficult to fill the gap" between declining domestic gas production and rising energy demand in Southeast Asia with renewables and battery storage alone, Izumi Kai, chief executive officer of Singapore-based unit JERA Asia, said in an interview on Oct. 30.

The company is “always looking for new opportunities,” and will consider divestment of existing assets to “recycle cash for new investments,” he said. Southeast Asia’s LNG demand will almost double from last year’s level by 2030, according to BloombergNEF. That’s helping turn the region into a magnet for global LNG traders including JERA, which has energy projects in nations including the Philippines, Thailand and Indonesia.

Malaysia’s state energy firm Petroliam Nasional expects the country to be increasingly dependent on LNG imports in the next five years, and is working to start a third regasification terminal. Indonesia earlier this year asked overseas buyers to accept delays to some scheduled LNG shipments as domestic energy demand rises. Outside the region, JERA also sees potential to develop infrastructure and power generation facilities in Bangladesh, Kai said.

[Insurgent attacks increase in province of Mozambique LNG project](#)

(Bloomberg; Oct. 29) - An Islamist insurgency that froze TotalEnergies’ liquefied natural gas project in Mozambique four years ago is intensifying, just as the French oil major prepares to restart development. Militants affiliated with Islamic State have in recent months carried out raids across the northeastern Cabo Delgado province that hosts the Total project and another led by ExxonMobil. The number of attacks against civilians in the region has almost doubled in 2025 to the highest in years, according to the U.N.

TotalEnergies announced last weekend that it is restarting construction at the multibillion-dollar project — seen as pivotal to transforming one of the world’s poorest nations. At the same time, however, there are growing fears among local communities that the security situation near the project site at Afungi is deteriorating — with more than 90,000 people fleeing attacks since the last week of September.

“Right now, people are living in fear,” Andrew Bogrand, of Oxfam America, said after a visit to the region that included a resettlement village adjacent to the project. “Folks in Quitunda, police officers, contractors — they don’t see how this project can work if people are concerned about security.” The militants have in recent weeks made incursions into Palma — neighboring the LNG site — and nearby Mocimboa da Praia. The planned restart comes four years after TotalEnergies and its partners declared force majeure — a contractual freeze caused by circumstances beyond its control.

[Mozambique president wants to see details of LNG project update](#)

(Reuters; Oct. 31) - Mozambique's government may have counter-arguments to the updated budget and schedule proposed by TotalEnergies for the liquefied natural gas project it is leading in the Southern African country, President Daniel Chapo said. The French oil major told Mozambique's president last week that the Mozambique LNG

consortium estimated its costs had risen by \$4.5 billion in the four years the project has been on hold because of an Islamist militant attack in 2021.

TotalEnergies and its partners want the production license extended by 10 years as partial compensation. "We will have to sit down and perceive in detail the foundations for this extension," Chapo said. "There may also be counter-arguments from the government." Mozambique will conduct a similar exercise on the higher costs proposed by TotalEnergies, and "on our side, there will also be, without any doubt, counter-arguments," Chapo said, according to a recording of remarks he made at a press conference that was shared with Reuters by Chapo's spokesperson.

Exxon is looking at lifting halt to LNG project in Mozambique

(Gas Processing & LNG; Oct. 31) - ExxonMobil is looking at lifting force majeure on a \$30 billion liquefied natural gas project in Mozambique as security conditions in the country improve, CEO Darren Woods told investors on Oct. 31 during an earnings call. "Total just lifted their force majeure, and we're looking at and are in the process of, trying to do the same," Woods said, referring to the French energy firm Total Energies that is developing a separate LNG export terminal nearby.

It was reported earlier this week that Exxon was unable to make a final investment decision on its project, Rovuma LNG, until TotalEnergies resumes work after it lifted a separate force majeure that resulted from an Islamist-linked insurgent attack four years ago. Exxon is affected by the TotalEnergies project because they share some facilities.

"Where we're at with Mozambique right now is in a very good place," Woods said. Exxon has previously said it hopes to take a final investment decision on Rovuma LNG in early 2026, with first cargo by 2030. Exxon is leading the construction and operation of onshore facilities, while Eni is leading floating production units in the deepwater block. Completion of the Eni, Exxon and Total projects could make Mozambique a top-10 global gas producer by 2040, consulting company Deloitte said in a report last year.