Oil and Gas News Briefs
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Cynical view is that oil prices have to drop lower before OPEC+ reacts

(Bloomberg commentary; Oct. 26) - To know what OPEC+ really thinks, pay attention to what it does rather than what it says. Despite warnings that it may pause — or even reverse — its campaign of production hikes, the cartel has pushed ahead with output increases in the face of a weakening oil market. Current prices, in the mid-$60s a barrel, aren't low enough to prompt OPEC+ to pivot. My gut feeling is that to meet the cartel's pain threshold, Brent crude would have to drop into the low $50s for an extended period before Saudi Arabia takes the first steps to changing its stance.

The oil market remains oversupplied going into 2026. The industry is debating the magnitude of the glut, but few disagree that oil supply will run well ahead of demand from now until at least the middle of next year. Even with the latest U.S. sanctions on Russian oil companies, the experience of previous sanctions implemented in the final days of the Biden administration and targeting smaller Russian oil companies Gazprom Neft and Surgutneftegas shows that their impact diminishes over time.

Russia has demonstrated its mastery of the oil market's dark arts, finding outlets for its sanctioned barrels via discounts, shadowy middlemen and the use of its own fleet of oil tankers. China, too, has shown appetite to prop up Moscow by buying Russian crude. Call me cynical or pessimistic, but I've been around long enough to know that oil always finds a way to flow. If, as I expect, the latest round of U.S. sanctions doesn't result in a significant drop in Russian oil output, global inventories will increase, perhaps sharply, during the first half of 2026. Oil prices will have to drop further for Saudi Arabia to react.

OPEC+ leaning toward modest production boost for December

(Reuters; Oct. 27) - OPEC+, the world's largest grouping of oil-producing nations, is leaning toward a modest output boost in December, four sources familiar with the talks said, as they push on with monthly increases aimed at clawing back market share. Having curbed production over several years in a bid to support the oil market, the group, which includes Russia and Saudi Arabia, started easing those curbs in April.

In a series of monthly increases, eight OPEC+ members have boosted output targets by a total of over 2.7 million barrels per day, about 2.5% of global supply. That is just under half the 5.85 million cumulative cuts in supply the group had agreed in preceding years. OPEC+ in full has 22 members and pumps about half the world's oil. The eight are likely to agree on Nov. 2 to increase December output targets by another 137,000 barrels per day, two of the four sources said, while the other two sources gave no estimate.

Additional supply from OPEC+ helped drive oil prices to a five-month low on Oct. 20 on concern that a glut was building. But then U.S. President Donald Trump imposed new sanctions on Russia's two largest oil companies last week, spurring a rally above $66 a barrel and easing investor worries about a glut. The group has found the most recent monthly increases more difficult to negotiate because sanctions are making it difficult for Russia to find buyers for additional output. Russia and Saudi Arabia have over the past years sometimes disagreed on output increases but ultimately found a compromise.

U.S. sanctions unlikely to stop Russian oil, but will cut into revenues

(Reuters commentary; Oct. 27) - A common view in the oil market is that Western sanctions against Russia's exports are fairly pointless, as the market quickly devises ways to keep cargoes flowing. This means that any new measures imposed only result in a fleeting boost to prices, which fades with the reality of virtually uninterrupted flows. The same dynamic may be at play with U.S. President Donald Trump's latest sanctions which targeted Russia's two largest oil companies, Lukoil and Rosneft.

These two majors produce roughly 5% of the total global crude oil, about 5.3 million barrels per day, of which they export about 3.5 million. Global benchmark Brent futures jumped as much as 8.9% after the new measures were announced, reaching a three-week high of $66.78 a barrel during trade on Oct. 24. While that seems like a fairly big spike, it's well below what would have occurred if the market actually believed there was a serious risk that as much as 3.5 million barrels would be lost to the seaborne market.

The expectation is that Russia's exporters will be able to circumvent any new sanctions by utilizing the dark fleet of tankers and a myriad of middlemen and banking schemes that avoid U.S. dollars. Past experience suggests this is indeed the most likely outcome, and that any disruption to Russia's crude exports will be short-lived and limited in scale. If the aim is to prevent Russian oil from being exported by cutting off its remaining buyers in China and India, these latest measures are likely to prove ineffectual.

If the aim is to keep Russian barrels in the global market but cut the revenue Moscow receives for selling its oil, then the sanctions may be somewhat more effective. The new sanctions make it riskier for refiners in China and India, who are the only major buyers for Russian oil, to do business with Moscow. They are likely to demand steeper discounts in order to keep importing Russian barrels. Additionally, using the dark fleet and middlemen trading companies also adds to the cost of shipping Russian crude.

India’s refineries turn focus to non-sanctioned Russian oil

(Bloomberg; Oct. 28) - India’s state-run refiners are considering whether they can continue to take some discounted Russian oil cargoes by leaning on small suppliers instead of energy giants Rosneft and Lukoil, both blacklisted by the U.S. last week. Since the latest round of U.S. sanctions was announced, refiners including Indian Oil Corp., Bharat Petroleum and Hindustan Petroleum have stayed out of the market for Urals crude, Russia’s benchmark grade. They are instead waiting for government direction and weighing their options, according to senior refinery executives.

With other major Russian producers Surgutneftegas and Gazprom Neft blacklisted earlier, processors are trying to understand exactly how much can be bought from non-sanctioned entities in Russia and at what price, said the executives, who asked not to be identified. They are also trying to understand how much of Rosneft oil will be channeled through other entities. Together, the four sanctioned firms accounted for more than 80% of India’s Russian oil imports in 2024, according to Kpler data.

Indian Oil is “absolutely not going to discontinue” its purchases of Russian crude as long as it complies with international sanctions, director of finance Anuj Jain said in a conference call on Oct. 28. “If somebody comes to me with a non-sanctioned entity, and the cap is being complied with, the shipping is okay, then I will continue to buy it.”

Latest Wood Mackenzie report predicts peak oil demand at 2032

(Reuters; Oct. 29) - Global oil demand will not peak until 2032, two years later than earlier thought, consultancy Wood Mackenzie said in a report on Oct. 28 that blames continued momentum in the use of hydrocarbons for transport and petrochemicals. Rising dependence on fossil fuels due to increased power demand from artificial intelligence and to geopolitical tensions have led to 2050 net-zero goals becoming unattainable, Wood Mackenzie said in its Energy Transition Outlook report.

The report comes ahead of the COP30 meeting in Brazil next month where countries are due to present updated national climate commitments and assess progress on renewable energy targets. Demand for liquid hydrocarbons is expected to peak at 108 million barrels per day in 2032, with natural gas demand remaining resilient well into the 2040s, the report said. "Fossil fuels are no longer uncontested; they are being squeezed into narrower roles, but their decline is proving more gradual than expected.”

A Wood Mackenzie analysis suggests that limiting global warming to 2 degrees Celsius would require $4.3 trillion in annual investment between 2025-2060 — an increase of 30% from current levels — to reach net-zero emissions by around 2060. Energy sector investment would therefore need to grow from 2.5% of global GDP today to 3.35% within the next decade.

Army Corps approves contentious oil line reroute in Wisconsin

(Milwaukee Journal Sentinel; Oct. 29) - The U.S. Army Corps of Engineers has approved permits for construction to start on the contentious Line 5 oil pipeline in northern Wisconsin. The permits for Enbridge Energy's Line 5 reroute were announced on Oct. 29 amid the federal government shutdown, with very little detail. No supporting documents about the approval were issued. A press release from the Army Corps said Enbridge's proposed activities for the reroute were "determined to be compliant with federal Tribal Trust responsibilities and within the public interest."

Enbridge, the Calgary-based pipeline and energy giant, proposed a 41-mile reroute around the Bad River Band of Lake Superior Chippewa's land in 2020. Twelve miles of pipeline must be removed from the Bad River Band's land by June 2026, as designated by court order. The new stretch of pipeline would go south of the Bad River Band’s land, further inland into Ashland and Iron counties. It would go through Iron County State Forest, around Copper Falls State Park and cross more than 180 Lake Superior tributaries, including the Bad River. It's estimated to cost $450 million.

The Army Corps.’ approval isn't the last hurdle for Enbridge. Last year, the Wisconsin Department of Natural Resources also issued necessary state permits for the reroute, though those are currently undergoing review as a part of a contested case hearing. The Bad River Band has long feared how an oil leak or spill could harm its land, water and way of life, as well as the Kakagon Sloughs, home to the largest wild rice bed remaining on the Great Lakes. A decision on the contested case is expected soon.

U.S. and China headed in opposite directions for energy

(Climate Wire; Oct. 29) - The U.S. and China are headed in opposite directions on energy. That divergence will be on display when the presidents of the world’s leading gas and renewable producers meet Oct. 30. President Donald Trump has doubled down on fossil fuels since returning to the White House and is pressuring allies and trade partners to buy more U.S. oil and gas. That contrasts with China, which under President Xi Jinping has emerged as a clean-energy superpower. China is growing its renewable capacity while flooding global markets with solar panels, batteries and electric vehicles.

“The U.S. and China, moving forward, are trying to sell rival energy export models with the U.S. built around fossil fuels and the Chinese built around cheap renewables,” said Gregory Brew, an energy analyst at the Eurasia Group. “It’s unclear who’s going to come out ahead.” The already fractious relationship has grown even frostier in Trump’s second term. The president imposed sweeping tariffs on Chinese goods early this year. Beijing retaliated with a ban on critical minerals shipments to the U.S. and stopped buying American soybeans and shiploads of liquefied natural gas.

Energy is a top issue for both countries, as both target Asia for their exports. Electricity demand in Southeast Asia alone is expected to double by 2050, while Asia more broadly is set to account for about half of global growth in gas demand by the end of the decade, according to the International Energy Agency. Many countries in the region feel torn between the U.S. and China. Leaders are wary of shifting too aggressively in the direction of one or the other, said Ben Cahill, the lead oil and gas analyst at the University of Texas, Austin's Center for Energy and Environmental Systems.

IEA says growing supply will turn LNG trade into a buyers market

(Reuters; Oct. 27) - A surge in supply of liquefied natural gas coming to market this year and next is poised to change the rules of the market, International Energy Agency Executive Director Fatih Birol said Oct. 27. Markets are turning from sellers markets to buyers markets, which is pushing LNG prices down, an important point for importers in Asia, he said as the IEA released the latest edition of its medium-term outlook.

According to the report, export capacity of about 10.6 trillion cubic feet per year of natural gas as LNG — a record — is set to be added by 2030, primarily supported by capacity additions in the U.S. and Qatar, the IEA report said. Over 2.8 tcf of annual liquefaction capacity has been sanctioned in the U.S. year-to-date, an all-time high for the U.S. sector. This unprecedented worldwide expansion is expected to strengthen global supply security and ease market pressures following a period of tightness.

The report's base case sees natural gas demand rising by nearly 1.5% annually between 2024 and 2030. Birol said that power demand, driven by data centers and air conditioning, is growing at levels not seen in decades in both advanced and emerging economies, and that nuclear power is making a comeback. "Nuclear is coming back and coming back strong in terms of the lifetime extensions of the nuclear power plants in some countries, in terms of building new traditional nuclear power plants and as we have analyzed in our last report, small modular reactors," he said.

IEA forecasts Europe's gas demand to shrink 10% by 2030

(S&P Global; Oct. 27) - OECD (Organization for Economic Co-operation and Development) European natural gas demand is expected to contract by 8% to 10% from 2024 to 2030, the International Energy Agency said Oct. 27. "The decline in European gas demand is forecast to be primarily driven by Northwest European markets," the IEA said in its Gas 2025 report. "In contrast, gas use in Eastern European markets is expected to marginally increase amid the phaseout of coal- and lignite-fired power plants." The vast majority of the expected demand drop is forecast in the power sector.

Regardless of lower LNG prices, OECD Europe is expected to see a 25% drop in gas-to-power demand by 2030 compared to 2024, removing some 1 trillion cubic feet per year of gas needs, the IEA said. "This is largely driven by the rapid expansion of renewable power output, which is forecast to increase by more than 40% by 2030."

Industry and energy sector demand could actually see a slight bump in gas demand from 2024-2030 amid lower LNG prices. But without accounting for lower prices, however, the IEA projected that gas use in these areas would fall by 3% from 2024-2030. "This means that around half of the industrial gas demand lost during 2022-2023 is not expected to recover due [to] a combination of permanent plant closures and energy-efficiency gains," it said. "The relocation of European industries to other regions — with a structurally lower cost of gas supply — remains a major downside risk."

City council in Sydney, Australia, bans new gas appliances

(9 News; Sydney, Australia; Oct. 28) - New buildings in Australia's largest city will be required to be fully electrified following a successful council motion outlawing the installation of gas appliances. The new planning controls were given final endorsement by the City of Sydney Council on Oct. 27. The council had restricted indoor gas appliances, like stoves and heaters, in new homes earlier this year.

But the updated controls, which come into effect on Jan. 1, 2027, will include all outdoor gas appliances as well, and apply to not just houses and apartments, but also medium and large commercial buildings, hotels and serviced apartments. Industrial and existing buildings will be exempt from the new mandate, while kitchens in mixed-use developments impacted by the rules will be allowed to use gas, as long as they have the capacity to be fully electrified in the future.

Sydney Lord Mayor Clover Moore said the reforms would not only improve residents' health but also save them money. "Relying on gas is bad for the planet, bad for our finances and bad for our health," she said. "Creating more energy-efficient, healthier buildings which will meet future energy standards and avoid expensive retrofitting is an obvious next step."

Egypt flipped in 3 years from LNG net exporter to importer

(S&P Global; Oct. 28) - The late-September arrival of the Energos Winter floating storage and regasification unit (FSRU) at the port of Damietta on Egypt's northern coast carried a double significance. The vessel became the first FSRU to be stationed on the country's Mediterranean coast, opening an additional avenue for receiving LNG imports. It also brought the total number of LNG import vessels servicing the country — a net exporter of the super-chilled fuel until recently — to five. "It is a massive reaction to the problem," said Charles Ellinas, CEO of consultancy Cyprus Natural Hydrocarbons Co.

In the past two years, Egypt's LNG trade has flipped. As recently as 2022, the country shipped out 7 million tonnes of LNG more than it imported, according to data from S&P Global Commodity Insights. In 2025, that surplus has moved to an almost equivalent deficit, with Egypt having brought in 6.6 million tonnes more LNG than it has exported. The key driver of the pivot has been a years-long decline in domestic gas production, particularly at the Zohr gas field, which accounts for about a third of the country's output.

Zohr, which came online in late 2017, briefly reached its planned plateau production of some 3.2 billion cubic feet per day in early 2021, Commodity Insights data shows. However, technical problems soon emerged and output fell. From 2021 to 2024, Zohr production saw a "huge" decline of some 30%, according to Carole Etienne, gas analyst at the International Energy Agency. The slump hit Egypt's gas-reliant power sector.

Abu Dhabi investment unit looking at Argentine LNG project

(Bloomberg; Oct. 27) - The overseas unit of Abu Dhabi's biggest oil company is in talks to invest in a liquefied natural gas project that Argentina's YPF is developing as it pushes to start exports. The investment arm, XRG, is eyeing a stake in the project as it considers expanding its LNG portfolio in Latin America, the U.S. and Asia, according to one of the people, who asked not to be identified because the matter isn't public.

State-run YPF is developing the floating terminal as Argentina tries to tap global LNG demand and accelerate output of vast gas reserves in the Vaca Muerta shale basin. The project, which requires construction of several liquefaction vessels, is designed to eventually produce 28 million tonnes of LNG annually. Shell and Eni are working with YPF on the project, but final investment decisions haven't been made.

XRG's talks with YPF are preliminary, and the company may ultimately decide not to pursue an investment. XRG declined to comment. XRG is the international arm of Abu Dhabi National Oil Co., backed by Abu Dhabi's oil wealth. It has already acquired a stake in NextDecade's Rio Grande LNG project being built in Texas. Last month, XRG dropped its planned $19 billion takeover of Australian gas producer Santos that would have catapulted it into the top ranks of LNG producers. XRG is in the process of taking over Germany's Covestro as it bets on lasting demand for gas and chemicals.

China adds to underground gas storage capacity

(Reuters; Oct. 27) - China led global underground gas storage expansion in 2025, adding 210 billion cubic feet in working gas volume to boost its total capacity to 700 bcf, the International Gas Union said in a report released Oct. 27. This helped lift global underground gas storage capacity to almost 15 trillion cubic feet of gas, with China contributing the single largest gain and now in sixth place behind leader United States with almost 5 tcf, then Russia, Ukraine, Canada and Germany.

Working gas volume refers to the volume of gas that can be actively injected into and withdrawn from storage to meet demand. It excludes the base gas required to maintain reservoir pressure. While storage capacity in North America and Europe saw slight increases, Asia — mainly driven by China's policy shift from coal to gas — stands out as the only region experiencing robust storage growth, IGU said in the report.

Lukoil says it will sell off international assets after U.S. sanctions

(Newsweek; Oct. 27) - Russian oil giant Lukoil said Oct. 27 it will sell off its international assets after new U.S. sanctions targeting Russia's energy sector took effect, marking one of the most significant corporate moves since President Donald Trump's latest measures against Moscow. The U.S. announced sanctions last week on Lukoil and Rosneft, Russia's two largest private oil companies, in an effort to tighten financial pressure over the Kremlin's war in Ukraine. Britain followed with its own restrictions, targeting both companies and dozens of so-called shadow fleet tankers.

Lukoil, Russia's second-largest oil producer, said the divestment would be carried out under a wind-down license from the U.S. Treasury, and that it may seek an extension "to ensure uninterrupted operations." Lukoil said it is reviewing bids from potential buyers but did not specify which assets are for sale. Among its largest foreign holdings is a 75% stake in Iraq's West Qurna 2 oil field, one of the world's biggest, which produced more than 480,000 barrels per day earlier this year, according to Interfax.

Lukoil also owns the Neftohim Burgas refinery in Bulgaria, the Balkans' largest, and Romania's Petrotel refinery. It supplies oil to Hungary, Slovakia and Turkey's STAR refinery, which is heavily reliant on Russian crude. The sanctions come as Western governments escalate efforts to choke off Moscow's energy revenue and weaken its ability to fund its war against Ukraine. Lukoil, which produces about 2% of the world's oil, said it remains committed to maintaining "stable operations" during the transition.

U.S. pressure stopped effort to cut back marine shipping emissions

(Bloomberg commentary; Oct. 27) - The world was on the brink of a climate milestone: adopting a global carbon tax for the shipping industry. Countries spent years crafting the plan, hoping to throttle planet-warming pollution from cargo vessels. They had every reason to think the measure would pass when the International Maritime Organization met in mid-October. Enter Donald Trump. After returning to the White House for a second term, the president and his top officials undertook a campaign to defeat the initiative. The U.S. threatened tariffs, levies and visa restrictions to get its way.

A battery of American diplomats and cabinet secretaries met with various nations to twist arms, according to a senior U.S. State Department official. Nations were also warned of other potential consequences if they backed the tax on shipping emissions, including imposing sanctions on individuals and blocking ships from U.S. ports. Under that Trump-led pressure — or intimidation, as some describe it — some countries started to waver. A bloc including the U.S., Saudi Arabia and Iran voted to adjourn the meeting for a year, killing any chance of the changes being adopted anytime soon.

The U.S. "bullied otherwise supportive or neutral countries into turning against" the net-zero plan for shipping, said Faïg Abbasov, of the European advocacy group Transport & Environment. At first glance, it might look like the U.S. has exited the climate fight. The president is once again pulling the U.S. out of the Paris Agreement, and he may not send an official delegation to next month's COP30 climate summit in Brazil. But don't be confused: America is still in the arena; it's just fighting for the other side.

Hawai'i making slow progress toward 100% renewable energy goal

(Honolulu Civil Beat; Oct. 27) - Hawaiʻi's mandate to transition to 100% renewable resources to generate electricity by 2045 spawned headlines when lawmakers passed the measure in 2015, making the Aloha State the first in the nation to commit to such a lofty goal. But a decade later, Hawaiʻi lags far behind leading states in using renewables. And far more than any other state, Hawaiʻi relies heavily on high-carbon petroleum to generate power, data from the U.S. Department of Energy shows.

In July, 24% of Hawaii's electricity came from renewables, primarily solar, compared to a national average of about 20%, data from the U.S. Energy Information Administration shows. Meanwhile, just over 71% of Hawaiʻi's electricity came from petroleum-fired power plants, the highest of any state. On average, other states got less than 1% of their electricity by burning oil. Hawaii, however, does not have access to the gas pipeline grid, leaving it with petroleum products as its main source of power plant fuel.

A central purpose of Hawaiʻi's law is to make the state energy independent with "a secure source of affordable energy." But 10 years after the law passed, Hawaiʻi still uses 16 times more energy than it produces. The data shows what Hawaiʻi must do over the next 20. Hawaiʻi is a bit above the national average in its use of renewables, but it significantly lags leaders like California, Texas and Florida. Whether Hawaiʻi can meet its mandated goal or even catch up with the leaders remains to be seen.