

Oil and Gas News Briefs

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China will launch dormant coal-to-gas project to reduce gas imports

(Bloomberg; April 20) - A high-profile Chinese coal-to-gas venture that lay dormant for over a decade is set to launch this year, part of a wave of investments that will allow Beijing to mitigate threats to fuel supply at a time of heightened geopolitical tensions. State-owned power giant China Datang restarted construction in the northeastern city of Fuxin in the fall. The company aims to bring the plant online in October, according to a local newspaper report citing the project's general manager, signaling the revival of an industry once sidelined for being too polluting and financially risky.

The government is looking to tap cheap domestic coal to limit its exposure to natural gas imports. That need has grown this decade as sanctions and protectionism have disrupted global energy flows. It's become particularly acute in recent weeks, after the war with Iran upended shipments from major gas producers in the Middle East. The 25-billion-yuan (\$3.7 billion) development broke ground in 2011, but was then shelved in 2014 due to a combination of logistical and technical challenges, environmental concerns and unfavorable market conditions.

The industry has found new momentum thanks to China's supply of coal and elevated gas prices. Other major investors in the technology include the country's top two coal miners, China Energy Investment Corp. and China National Coal, and oil and gas majors Sinopec and CNOOC. The country has 13 coal-to-gas projects either under construction or being planned. Plants can take up to five years to build, but the 13 have the potential to raise synthetic gas output nearly sevenfold to more than 1.8 trillion cubic feet a year, or 12% of national supply, according to Chinese consultancy OilChem.

Japan moving to restart nuclear plants to reduce reliance on LNG

(POLITICO; April 18) - Fifteen years ago, the region of Fukushima Prefecture on Japan's northeast coast suffered one of the world's worst nuclear power accidents. Abandoned homes, offices and shops still dot the landscape — remnants of the evacuation after an earthquake and tsunami damaged the Fukushima Daiichi nuclear plant and released radiation. In the aftermath, nuclear power's future seemed bleak, with Japan shutting off all its reactors as public opinion soured against the technology.

But the country is now rapidly moving to restart nuclear plants, as artificial intelligence increases electricity demand and foreign wars throttle natural gas supply. Japan relies on gas for 30% of its electricity, almost all of it imported. The Iran war has further helped

the case for nuclear, which can displace some of the liquefied natural gas is stuck in the Persian Gulf. This week, Japan will open its 16th reactor since the Fukushima accident.

Toyoshi Fuketa, former chair of Japan's Nuclear Regulation Authority, said the debate over whether to go back to nuclear power took years. "One of the most influential issues was the war in Ukraine. This country heavily relied on the natural gas imported from Russia, and all the energy sources are coming from the outside," he said in an interview. Japan stopped expanding its use of Russian gas when the country invaded Ukraine in 2022 and aims to become even less reliant on those imports. Now, the Iran war risks forcing the country to cut back on its LNG imports from other countries.

Prime Minister Sanae Takaichi hopes to double Japan's nuclear power production by 2040. But Japanese residents aren't fully sold on nuclear power. Polling by Hiroshi Yamagata, a researcher at Nagaoka University of Technology, shows that 37% of Japan supports restarting nuclear power plants, compared with 23% opposed and 40% uncertain. Only 24% support building new plants.

Lower costs, Middle East war add momentum to battery storage

(Bloomberg; April 19) - Around the world, a wave of mega installations of batteries are lining up to be connected to the grid this year — from solar hubs in Texas to grasslands in Inner Mongolia and the site of a former coal plant north of Sydney. Falling costs and soaring energy demand from data centers had already set the stage for rapid growth. The war in the Middle East has helped accelerate the trend by lifting demand for alternatives to expensive fossil fuels, setting 2026 up to be the year batteries become influential in the global energy system.

BloombergNEF analysts had already expected battery installations to jump by about a third this year, led by expansion in Europe, the Middle East, Africa and Latin America. That momentum could build further if fuel disruptions persist. Signs of the ramp-up are already emerging. "We've now crossed into a point where anytime anyone is looking at investing in the power system, batteries are one of the most attractive options," said Brent Wanner, head of the power sector unit at the International Energy Agency. "Battery storage systems will continue to grow for the foreseeable future."

In markets flooded with solar and wind, battery operators can buy electricity when it's cheap and sell it when demand peaks. Where grids once relied on coal and gas when renewable output dipped, storage technology is now becoming cheap and fast enough to make a difference in how the grid functions. Average costs have dropped by around 75% from 2018 to 2025, according to BNEF, and are expected to tumble another 25% through 2035. Battery projects are also increasingly being built in fleets big enough to make a real difference in how the grid operates.

Gas demand cutbacks could be lasting if conflict goes on too long

(Reuters; April 22) - The natural gas demand destruction resulting from the Iran war as governments implement measures to mitigate the crisis risks becoming structural if the conflict persists, the head of the Gas Exporting Countries Forum said on April 22. Since the Middle East crisis began at the end of February, more than 500 million barrels of crude and condensate have been knocked out of the global market, according to Kpler data — the largest energy supply disruption in modern history.

Countries dependent upon Gulf supplies have reacted by switching to burning coal and accelerating the switch to renewables. Speaking at the Invest in African Energy conference in Paris, Philip Mshelbila — secretary general of the body representing a dozen countries holding 70% of the world's proven natural gas reserves — said such measures are currently a short-term response to the crisis.

"If the conflict ended today, the world would recover in six months to a year. But if it lasts six months, those knee-jerk changes we are seeing could become structural," he said. He said 2026 had been meant to be a pivotal year for the sector, with a tight global gas market flipping into oversupply. "Clearly this conflict has done something to that, and it's not yet clear whether it's just a delay, or whether in fact that glut will ever come."

High oil prices drive more demand for biofuels

(Reuters; April 21) - Soaring oil prices in the wake of the U.S.-Israeli war on Iran are driving renewed demand for biofuels as the need to tackle a fossil fuel shortage outweighs concerns that using crops for fuel will drive up food prices. The conflict has disrupted about 20% of the world's oil and gas supplies, which typically pass through the Strait of Hormuz. Crude prices are up more than 30% since late February, before the war started. In contrast, prices for corn, a key biofuel ingredient, have risen just 5%.

Biofuels, made from any organic feedstock, are usually blended into gasoline or used to replace diesel. They become more economical when fossil fuel prices rise. They can also help keep prices down at the pump and reduce dependency on costly crude oil and fuel imports. Countries in Asia, heavily dependent on Middle East oil imports, have sought to increase biofuel use since the war began.

Vietnam said in late March it would switch fully to ethanol-blended gasoline from April due to the energy price surge, bringing forward a previous target of June 1. Ethanol is produced mostly from corn or sugarcane. Indonesia has said it will raise the mandatory blending rate for biodiesel made from palm oil to 50% from 40%. Indonesia is the world's largest producer and exporter of palm oil. Asian countries are trying to soften the impact on their economies of the war-induced energy price surge with measures like fuel rationing, shorter work weeks and alternating driving days.

Colombia's industries unlikely to return to natural gas

(Bloomberg; April 20) - The Iran war is causing tectonic shifts in global energy markets as import-dependent countries scramble to adapt to steeper prices, especially for liquefied natural gas. Consider Colombia, where a growing domestic gas shortage — exacerbated by leftist President Gustavo Petro's ban on new drilling — has drawn more than a dozen LNG import proposals in recent years. But for factories that need to keep equipment running, internationally priced LNG is suddenly a tough sell.

Many are already turning to cheaper and more reliable alternatives to scarce domestic gas, including propane and even coal. And with no cheap gas on the horizon, some may never go back, threatening to shrink the LNG market in Latin America's third-most populous nation. Colombia's industrial flight from gas paints a portrait of demand destruction. For Colombian factories, the LNG price swings and physical supply constraints in the Middle East are set to hasten trends that began before the war.

Industrial gas consumption has plunged 28% since December, when many domestic supply contracts lapsed. Half of the deserters resorted to liquefied petroleum gas — including propane and butane — and a quarter took to domestic coal, which costs less than a fifth of gas, according to Sergio Cabrales, who teaches finance in the faculty of industrial engineering at Los Andes University. "It's very unlikely that these industries will return to natural gas, given its higher cost and the economic differential with coal, despite its greater environmental impact," Cabrales said.

Oil companies turn their dollars to exploring outside the Middle East

(Wall Street Journal; April 19) - Exxon Mobil, Chevron and other companies are speeding up their searches for new oil and gas prospects — far away from the perils of the war in the Middle East. Exxon recently outlined a potential plan to pump up to \$24 billion into Nigeria's deepwater oil fields, while Chevron expanded its footprint in Venezuela. BP bought stakes in oil blocks off the coast of Namibia, and TotalEnergies signed an exploration deal with Turkey.

Iran's attacks on energy infrastructure and a shipping bottleneck in the Persian Gulf have sparked a global scramble for oil. But the surge in energy prices is providing the oil industry with a windfall of cash that is expected to help it venture into prospects previously out of reach or abandoned years ago. "Never underestimate the romance of upstream people looking at opportunities. They say, 'Boy, wouldn't it be great if we could do this or that,'" said Edward Chow, a senior associate at the Center for Strategic and International Studies and a former Chevron executive.

Energy executives are focused on a longer-term mission: finding enough oil and gas to fuel their profits into the 2030s, some of the people said. Energy companies are also trying to boost their reserves. The world's oil producers need to find enough new

resources to add 300 billion barrels to their collective reserves to meet global demand through 2050, according to energy industry consulting firm Wood Mackenzie.

Return to full pre-war Middle East production will take possibly years

(Reuters commentary; April 20) - The stop-start shipping traffic through the Strait of Hormuz underscores the profound uncertainty hanging over the world's most critical oil and gas chokepoint. But one thing is already clear: Even if the guns fall silent, flows through the narrow waterway will take months — and possibly years — to recover to pre-war levels. The fighting has also caused lasting damage to energy infrastructure — and diplomatic relationships — across the region. So how will a recovery play out, and when can the industry reasonably expect to approach pre-war operating levels?

The pace of recovery will depend not just on diplomacy between Washington and Tehran, but also on logistics, tanker insurance availability, freight rates and the willingness of shipowners to risk the passage. The first tankers to leave the Middle East will be the roughly 260 vessels already floating inside the Gulf, laden with about 170 million barrels of oil and 1.2 million tonnes of LNG, according to analytics firm Kpler. As these vessels exit, more than 300 empty tankers idling in the Gulf of Oman will gradually move into the Gulf and head to loading terminals.

Their first task will be relieving onshore storage that filled rapidly during the shutdown. Commercial crude storage in the Gulf currently stands at about 262 million barrels, the equivalent of 20 days of disrupted production, according to the International Energy Agency — leaving little room for more oil until exports resume. A full rebalancing of the global tanker fleet and a return of Gulf loading operations to pre-war rhythms will be uneven and likely take at least eight to 12 weeks, even under benign conditions.

The IEA estimates that around half of Gulf oil and gas fields retain sufficient reservoir pressure to return to pre-war output within roughly two weeks, and 30% could take up to six weeks. The last 20% face far tougher challenges. Low reservoir pressure, damaged equipment and power supply constraints mean some fields will take months to recover. Even in a most optimistic outlook, a full return to pre-war output looks unlikely for years.

Gasoline prices won't come down as fast as they went up

(The New York Times; April 20) - Oil prices have fallen from their peak after weeks of war have choked off the Persian Gulf, but gasoline prices are likely to descend more slowly. One of the reasons is Alex Weatherall. He owns a gas station in Sherborn, Massachusetts, a small town southwest of Boston. He refills his tanks about every four days, and the price his wholesale provider charges jumped to \$3.347 per gallon last week from \$2.398 on Feb. 25 — an increase of 39.6%. His last truckload cost \$39,488.

He has raised the price of regular gas to \$3.879 from \$2.899, an increase of 33.8%. He would charge more, but feared losing business if his competitors did not follow. Fewer visits also mean lower sales at his convenience store and restaurant. "Because of the pressure, it feels to us like the price can never go up high enough to protect your margins," he said, noting that additional credit card fees that come with higher prices also eat into his profits. "That's why we're temperamentally slow to take the price down."

There is no guarantee, however, that gas stations will recoup margins they lost on the way up by holding prices up slightly as wholesale prices come down. And, there is a newer problem: Gas stations make most of their money on stuff other than gas. James Linton is president of Folk Oil, which started as a fueling station in 1921 and now owns 35 stations across southern Michigan. They are all attached to convenience stores which have a rewards app and a selection of restaurants. "If I had to solely rely on fuel as my only source of profit, I wouldn't stay in business," Linton said. "I want the consumer to come in the store ... we do everything we can to entice them to come in."

First cargo departs from newest U.S. LNG export plant

(Reuters; April 22) – Golden Pass LNG, a joint venture between QatarEnergy and Exxon Mobil, said on April 22 that the first cargo of liquefied natural gas has departed from its new Sabine Pass terminal in Texas. Shipping data showed that the vessel, Al Qa'iyahal, had departed but it was not immediately apparent where the first cargo was headed. Reuters previously reported it was expected to go to Italy to make up for some of the LNG that QatarEnergy has not been able to deliver because of the Iran war.

The ship is owned by QatarEnergy, which has a 70% stake in the plant. Exxon holds 30%. The inaugural shipment comes seven years after construction on the \$10 billion plant began. Only the first train — or liquefaction unit — is operating of the eventual three units that will have a combined annual capacity of 18 million tonnes. Trains 2 and 3 are still under construction and are expected to come online following stable operation of Train 1, Golden Pass said in a statement. The project has faced delays and cost overruns, including the bankruptcy of its original lead contractor.

Impacts to shipping industry will continue long after Iran war ends

(Bloomberg; April 22) - The impact of the Middle East conflict on the shipping industry and global supply chains will linger long after the war ends, according to the head of one of the world's largest tanker owners. "It's a bit naive to say that, after this has ended, that things will go back to pre-war situations," Jotaro Tamura, president and chief executive officer of Mitsui O.S.K. Lines, said in an interview in Singapore. "We will not go back to the world where we used to."

The closure of the Strait of Hormuz since the U.S.-Israeli war on Iran erupted at the end of February triggered the oil market's worst-ever energy supply disruption, while also wreaking havoc on flows of aluminum and other shipments in and out of the Persian Gulf region. The global shipping industry had already been shaken by conflicts after the Yemen-based Houthis forced ships to avoid the Red Sea and Russia's invasion of Ukraine forced vessels to take on longer journeys to avoid high-risk zones.

MOL, as the Tokyo-based owner of 211 tankers and hundreds of other types of vessels is known, currently has ships trapped inside the Persian Gulf. In the medium- to long-term, MOL expects its operations will be affected by shifting supply chains, he said. In recent weeks, major economies in Asia, including Japan, have been turning away from the Middle East to other markets that export energy. Some Japanese refiners have resorted to using smaller vessels at a higher cost to secure U.S. crude.

Italy looks to reduce its dependence on gas for power generation

(Bloomberg; April 21) - The war in Iran has forced Italy to reckon with a dependence on gas that's exposed the country to bigger energy spikes than its peers and put hard-won economic progress at risk. Each twist in peace talks is a reminder of Italy's longstanding reliance on imported gas for power generation, heating and industry, which has become more expensive with liquefied natural gas tankers bottled up at the Strait of Hormuz. Prime Minister Giorgia Meloni's government has responded with stopgap fixes, from a temporary fuel tax cut to a charm offensive in the Gulf.

There's also been renewed talk about deeper, more expensive changes. Nuclear is back on the table four decades after its phase-out. Energy Minister Gilberto Pichetto Fratin wants to remove bureaucratic obstacles to increasing renewables. "The main lesson is that you always need to diversify sources of supply," said Nicola Monti, CEO of Italian utility Edison, which acquired more gas from the U.S. to offset disruption in Qatar.

Freeing Italy from supply shocks in an enduring way would cost billions. Doing more with renewables requires upgrades to a grid that struggles to move electrons north from the sunny south. So for now, gas is the linchpin. Russia once accounted for about 40% of Italy's needs. When it stopped after the invasion of Ukraine, gas prices surged far higher than they have this year. Algeria has stepped in, sending gas by pipeline to Sicily. It's running close to capacity, leaving little room to ramp up. Libya provides some pipeline gas, but output is volatile and can't be used as a consistent backup.

Russia continues selling gas to China at lower price than to Europe

(Bloomberg; April 20) - Russia's government expects to sell natural gas for several years to China at about a third less than the price paid by Europe, underscoring how a

pivot to Asia hasn't fully offset the loss of most of Russia's Western markets. The price of Russian pipeline gas for China is set to average about \$7.40 per 1,000 cubic feet this year, more than 38% lower than the average price offered to the few remaining buyers in Europe, said two people familiar with governmental forecasts.

The gap will slowly shrink over the next three years, but still be just over 27% lower than Europe in 2029, the people said, speaking on condition of anonymity because the plans are not public. The price gap between east and west shows how China, even though it's now Moscow's single largest gas customer, is proving to be less lucrative than its former trading relationship with Europe. Most commercial ties were severed after Moscow invaded Ukraine in early 2022. Just a handful of European countries including Hungary, Slovakia, Serbia and Turkey are still receiving pipeline supplies from Russia.

Last year, Russia sold its natural gas to China at an average price of about \$7.10 per 1,000 cubic feet, more than 38% lower than the average price for Europe, according to governmental data. Prices for China are "objectively lower" than for Europe because gas fields feeding Asia are closer to the customer, Gazprom CEO Alexey Miller said last year, according to Interfax. Russia has been ramping up supplies to China for several years via the Power of Siberia gas link. The pipeline reached its design capacity of more than 1.3 trillion cubic feet a year in 2025, according to Gazprom.

Australia will hold inquiry into LNG project taxes

(Australian Broadcasting Corp.; April 20) - Natural gas taxes are back in the fray after the expansion of Australia's largest LNG project received environmental approval ahead of Senate inquiry hearings this week which will probe how resources are taxed. Australia's offshore petroleum regulator NOPSEMA has approved an environment plan for further development of Chevron's Gorgon gas project, off Western Australia's northwest coast. Chevron is planning to install new wells and pipelines to maintain Gorgon's production rates of about 15.6 million tonnes of liquefied natural gas a year.

Greens Sen. Steph Hodgins-May, who is spearheading the gas tax inquiry, said the sheer volume of Australian gas being produced for the Gorgon project alone is a clear indicator of why tax reform is needed. However, Chevron Australia President Balaji Krishnamurthy said increasing tax on gas companies would ultimately result in less returns for Australians. "Short-term measures to boost the tax take from gas companies can look attractive on paper but they carry longer-term consequences in the form of reduced investment and lower production," he said.

Chevron does not pay state royalties for the gas from Gorgon, as the gas field is in commonwealth waters. Instead, it is taxed federally via the Petroleum Resource Rent Tax (PRRT), but only when it makes a profit. Under the PRRT, expenses from previous years can be deducted from a company's revenue, and expenses can be carried forward indefinitely. This allows companies to recoup their investment before paying the

tax. Chevron made its first PRRT payment last year. Gorgon started production in 2016 after suffering intense construction overruns that escalated to a reported US\$54 billion.

Italy's Eni announces major gas discovery offshore Indonesia

(Bloomberg; April 20) - Italian energy major Eni made a large offshore gas discovery in Indonesia, potentially helping the Southeast Asian nation's effort to curb a looming supply deficit. Eni estimated resources found at the Geliga-1 well off East Kalimantan province at 5 trillion cubic feet of gas and 300 million barrels of condensate, according to a statement from the company, which has a joint venture with Malaysia's Petronas. Indonesia had 33.8 tcf in proven gas reserves in 2024, according to U.S. federal data.

The discovery comes as Indonesia contends with falling gas reserves and rising demand, threatening to force the country to import more of the fuel. Though Indonesia is the world's sixth-largest LNG supplier, net exports have dropped about 50% between 2010 and 2025, according to ship-tracking data compiled by Kpler. The exploration campaign off the east coast of Borneo Island will continue with one additional well planned in 2026 and two more in 2027, Eni said.

Eni and Repsol sign deal to export gas from Venezuela by 2031

(Bloomberg; April 20) - Eni and Repsol plan to start exporting natural gas from Venezuela by the end of 2031 after reaching a deal with Caracas to revive a long-stalled effort to expand production from a massive offshore field. The agreement with interim President Delcy Rodríguez will enable the companies to more than double production at the field in the Gulf of Venezuela and export the fuel as liquefied natural gas from a floating terminal, according to people familiar with the matter.

Eni and Repsol also received assurances they'll be compensated for billions of dollars worth of gas they have pumped for Venezuela at the field over the years but weren't paid for, the people said. It is a victory for the European companies, which have long pushed to export gas from the prolific field, sticking with the 20-year-old project through years of political turmoil. The deal comes as the Iran war has cut off about 20% of the world's supply of liquefied natural gas and as the Trump administration is easing sanctions on Venezuela to allow companies to rebuild its crumbling energy industry.

The field produces about 585 million cubic feet of gas per day, supplying power plants, petrochemical facilities, factories and homes in Western Venezuela. Eni and Repsol's new agreement with the government allows the companies to start exporting once they're supplying 645 million cubic feet per day for domestic use, the people said. The Perla field is producing at about 50% of its full potential, Venezuela's information

ministry said last week. Eni and Repsol plan to install two more platforms by 2028 and start exporting once they reach 1.2 billion cubic feet per day of output, the people said.

Ukrainian attacks cut into Russia's oil production

(Reuters; April 21) - Russia was forced to reduce oil output in April due to Ukrainian drone attacks on ports and refineries, as well as a halt to crude supplies via the only remaining Russian oil line to Europe, according to sources and Reuters calculations. In what could be the sharpest monthly decline to Russian output in the six years since the COVID pandemic, Russia may have cut production by about 300,000 to 400,000 barrels per day in April from the average in the first months of the year, said the sources.

Oil, pumped mostly from fields across the Western Siberian basin, is the lifeblood of Russia's \$3 trillion economy, so a decline in output cuts revenue for the world's second-largest exporter. The potential losses, though, may be cushioned by the Iran war which has triggered a supply crisis for the global oil market. Russia's Finance Minister Anton Siluanov said last week that high prices would help reduce the budget deficit.

Ukraine over recent weeks has unleashed a wave of drone attacks on Russia's biggest Western oil ports, triggering vast blazes, while attacking refineries. Russian oil production peaked in the late 1980s but cratered after the 1991 collapse of the Soviet Union due to a lack of investment. It then recovered in the 2000s and 2010s reaching a post-Soviet peak in 2019 just before the COVID pandemic. According to the sources and Reuters calculations, the April fall in production amounts to a drop of between 500,000 and 600,000 barrels per day from Russian production levels in late 2025.