Oil and Gas News Briefs
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The Americas now produce more oil than the Middle East

(Bloomberg commentary; Aug. 17) - For a few weeks of 2026, the American continents were pumping nearly half the world's oil. It was an extraordinary moment, even if short-lived. To a degree, it was a statistical aberration, a byproduct of the Iran war which had shut down much of the Persian Gulf's energy industry. But it was also a real indicator of a boom that has moved the oil market's center of gravity away from the Middle East.

That increased production — and the realignment that comes with it — will extend into 2027 and very likely beyond, acting as a strong headwind against price pressures. If the U.S. shale revolution remains one of the most unappreciated geo-economic events of the past 25 years, the surge in oil from the rest of the Americas, particularly Brazil and Canada, is even more overlooked. The growth is even more impressive considering that two of the region's once-leading producers have seen their output collapse: Venezuela, due to political mismanagement, and Mexico, due to geological factors.

As whole, the Americas now pump about 39.5 million barrels a day of crude and other petroleum liquids. On top of that, the continents produce 2.5 million barrels of ethanol and biodiesel that are typically considered part of its oil total. That's 42 million barrels a day — more than any other region, including the Middle East. In normal times, oil from the Americas now makes up roughly 40% of the world's petroleum output. In 2000, the Americas accounted for about 26% — and that was before the falloff in Venezuela and Mexico. The global oil map has been redrawn far more than is commonly perceived.

Another war-induced shortage: Motor oil and engine lubricants

(Financial Times; London; Aug. 15) - Carmakers including Volkswagen, Stellantis and Toyota are turning to new blends of motor oil and lubricants to ease a serious supply shortage caused by the Middle East conflict. After getting through the early months of the war, carmakers have now run out of inventories of high-quality base oils for engine oil that the U.S. and Europe had largely sourced from the Middle East. They have since found alternative lubricant manufacturers but industry executives warn that those supplies remain tight and vulnerable to any fresh shock.

For car drivers globally, any further shortage will make their routine oil changes more expensive and prone to delays. Prices of Group III base oils have almost trebled compared with prewar levels, at about $4,000 per tonne in Europe and the U.S. "Alternative suppliers also have limited volumes, and any renewed shipping disruption,

refinery outage or other supply shock could rapidly worsen the situation," said Holly Alfano, chief executive of the Independent Lubricant Manufacturers Association. "The industry continues to operate with little margin for error," she added.

The supply chains for Group III base oils, a highly refined oil product that is used to make motor oil, were heavily disrupted in March after Iranian missiles struck Shell's vast gas-to-liquids plant in Qatar, requiring significant repair work. People close to the industry said some of Shell's customers had made frantic calls to secure alternative supplies. Gabriella Twining, global head of base oil pricing at Argus Media, said some suppliers of Middle Eastern Group III oil in Europe and the U.S. had sold out and declared force majeure on those supplies. "There are fewer and fewer alternatives."

Exxon taking steps to revive $30 billion Mozambique LNG project

(Financial Times; London; Aug. 17) - ExxonMobil has revived plans to build a liquefied natural gas export plant in Mozambique, as war in the Middle East bolsters the case for projects outside the region. The developers of the Rovuma LNG project have awarded about $1.1 billion in pre-investment contracts for equipment, Exxon said in a statement on Aug. 17, the clearest signal yet that the long-delayed project will go ahead. Work on the facility had been on hold since the massacre of 800 people by Islamist militants seeking to seize control of the nearby town of Palma in 2021.

The 2021 violence also paused work on another Mozambique LNG project, led by TotalEnergies, which is also in the process of being restarted. Security issues in Mozambique's northeastern Cabo Delgado region, where Exxon's project is based, were "still acute but manageable," said Alex Munton, director of global gas and LNG at Rapidan Energy Group. "The key driver now is supply diversification in the context of indeterminate disruption to LNG from the Middle East Gulf," he added.

Exxon is the operator of Rovuma LNG, a joint venture backed by Italian energy giant Eni, China's CNPC, Korea Gas and Abu Dhabi's XRG. The total project cost is estimated at about $30 billion. The final investment decision was set to be made by the end of 2025 but Exxon pushed it back to the end of 2026. In another sign the project will go ahead, Exxon signed a nonbinding engineering and procurement contract earlier this month with a group of contractors led by Italy's Saipem.

Oil holds around $90 as market settles in for supply disruptions

(Reuters; Aug. 18) - The oil market is increasingly behaving as though disruptions to Middle East energy supplies are not a temporary shock but a new reality. Nearly six months after war erupted between the U.S. and Iran, hopes for a diplomatic breakthrough have faded. An interim ceasefire agreed on June 17 has effectively

collapsed, the 60-day negotiating period has expired, and neither Washington nor Tehran appears willing to compromise over the future of the Strait of Hormuz.

Instead, both sides are digging in. The stalemate is increasingly forcing traders to contend with restrictions on shipping through the Strait of Hormuz, the world's most important oil chokepoint, that could persist for months. That shift in expectations helps explain why crude oil prices have stabilized around $90 a barrel. Crude has surrendered some of its panic premium since the early days of the conflict but remains roughly 50% higher than at the start of the year. The market may no longer fear an immediate collapse in supplies, but neither does it expect a swift return to normal.

The uncertainty is the scale of supply disruptions. Flows of crude and refined products through Hormuz, which averaged about 18 million barrels per day before the war, fell to 4.8 million in July and have averaged around 2 million in August, according to Kpler. Some of that lost volume has been offset by higher exports from the Fujairah terminal in the United Arab Emirates and from Saudi Arabia's Red Sea coast. How much oil is reaching consumers has become one of the market's biggest unknowns. As long as the Hormuz impasse remains unresolved, uncertainty will hang over energy markets.

Some U.S. drillers cut back capital spending to pay down debt

(Bloomberg; Aug. 14) - Some of the largest U.S. oil companies are dialing back capital spending in the country's shale basins as they use the windfall from high crude prices to boost shareholder returns and pay down debt rather than accelerate production growth. Chevron and ConocoPhillips cut capital expenditure in the Lower 48 by 10% in the first six months of the year while Occidental Petroleum cut spending in the Permian Basin by 20% in that period, according to earnings reports.

APA, Matador Resources and HighPeak Energy are also on track to spend considerably less on drilling and fracking in the U.S. than a year ago. Less spending doesn't automatically translate into reduced output, though. Gains in drilling and fracking techniques mean most operators are producing more oil for every dollar spent. But it also means more companies are holding production flat or growing through efficiency gains rather than higher expenditure. The trend is dampening U.S. crude supply growth.

The U.S. will grow production by about 200,000 barrels a day this year to 13.8 million barrels a day, according to U.S. Energy Information Administration forecasts. But operators aren't drilling as frenetically as they had when oil prices spiked in the past. After Russia's 2022 invasion of Ukraine sent oil prices soaring, the U.S. added about 1.1 million barrels a day in 2023, about five times more than this year.

Not all companies are pulling back. Diamondback Energy plans to boost capital spending to the top end of its guidance range to lift production after the Iran war sent oil prices surging, a signal that CEO Kaes Van't Hof called a "green light" for growth.

ExxonMobil, by far the largest shale producer, increased output by 12.5% to 1.8 million barrels a day in the second quarter and plans to increase output a further 40% by 2030.

Mideast producers looking to stockpile oil outside Persian Gulf

(The New York Times; Aug. 18) - Mideast energy giants are scrambling to move more oil into stockpiles safely beyond the turbulent Persian Gulf region, as a prolonged conflict forces exporters and their biggest customers to rethink how to safeguard supplies. Saudi Arabia and the United Arab Emirates have urged Japan to expand reserves in Japanese tanks by as much as 10 times the roughly 8 million barrels each now holds, according to three people familiar with the discussions, who asked not to be identified.

Officials with Saudi Arabia and the Emirates are having similar discussions about expanding their oil stockpiles in South Korea as well, two of the people said. For the Gulf exporters, which store much of their oil in the region, warehousing more crude abroad offers protection against maritime chokepoints that have become increasingly precarious, from Houthi attacks in the Red Sea to a Strait of Hormuz that shows little sign of opening. Saudi Arabia and the Emirates both have overland pipelines that bypass the strait and enable them to continue exporting limited amounts of oil.

For Asian nations, bigger stockpiles would provide an added buffer against prolonged supply disruptions. At the same time, allocating significantly more tank capacity to foreign oil companies reduces the available space for domestic refiners' inventories and Japan's own national reserves. The volumes being sought by Mideast producers would probably exceed Japan's tank capacity and face other logistical constraints, the people said. Talks are continuing over how much oil could be stored and how the costs would be shared, but the joint stockpiles are expected to increase substantially, they said.

Analysts doubt U.S. numbers for oil moving out of the Persian Gulf

(POLITICO; Aug. 17) – U.S. Energy Secretary Chris Wright says about 9 million barrels of oil are moving through the Strait of Hormuz every day. But nonpartisan oil tanker trackers say it's likely 7 million barrels at best, or more likely, closer to 5 million. President Donald Trump has repeatedly said that the oil is flowing freely through the strait. On Aug. 17, he told reporters at the White House that the U.S. has total control over the strait and that "we're taking out millions of barrels of oil a week."

But experts say the Trump administration's figures cannot be trusted because there's no data that shows that volume of oil is actually moving through the strait. It appears as if Wright was "just pulling a number out of the air," said Matt Smith, director of Commodity Research at Kpler, a leading firm tracking tanker movements. "The reality is that Iran

has the leverage, Iran has the control," he said. "The only tankers that are really passing through the Strait of Hormuz are those that are operating through Iranian waters."

The recent peak might be as much as 7 million barrels a day, said Rory Johnston, founder of Commodity Context, a Canada-based oil markets analytics firm. Before the war, an average of almost 140 ships a day crossed through the strait, transporting fertilizer, aluminum, helium, liquefied natural gas and about 20 million barrels a day of crude. On Aug. 16, just three ships crossed the strait, according to commodities tracking firm Kpler. Last week, only 95 ships total crossed the strait, Kpler found.

Half of Venezuela's oil exports are going to the U.S.

(Al Jazeera; Aug. 19) - Venezuela is exporting about half of its oil output to the United States, according to a senior U.S. official, seven months after Washington abducted President Nicolas Maduro and installed an interim government in Caracas. Speaking at an industry event in Houston on Aug. 18, Undersecretary of Energy Kyle Haustveit said more than 500,000 barrels per day are now moving from Venezuela to the U.S. out of national output of roughly 1.25 million barrels per day.

Venezuela holds the world's largest proven oil reserves — an estimated 303 billion barrels, or about 17% of the global total, according to the U.S. Energy Information Administration. But decades of underinvestment and sanctions had left it producing roughly 1% of world supply. At the end of 2025, it was producing about 1 million barrels per day, with some 135,000 barrels per day going to the U.S.

The country's oil is heavy, sour crude, the type refineries on the U.S. Gulf Coast are built to process, making the resumption of Venezuelan imports a direct benefit to those plants. Haustveit said Washington was also helping to scale up production in Venezuela, noting that the U.S. is sending more than 100,000 barrels per day of naphtha to the country, where it is blended with heavier crude. He called the arrangement "a beautiful energy partnership."

China focuses on reducing dependence on oil and gas imports

(Financial Times; London; Aug. 17) - For two decades, China's policymakers have been preoccupied with reducing the country's dependence on imported oil and gas and its vulnerability to a naval blockade in any conflict with the U.S. In 2003, President Hu Jintao warned that certain major powers were intent on controlling the important Strait of Malacca. "It is no exaggeration to say that whoever controls the Strait of Malacca will also have a stranglehold on the energy route to China," he is reported to have said.

Since then, China’s military strategy has focused on modernizing and expanding its navy to protect supply routes. On the energy side, China has boosted production; encouraged greater efficiency; switched to alternative fuels; expanded the use of electric vehicles; diversified imports; and accumulated massive strategic stockpiles. China’s preparations for a conflict centered on Taiwan and the Strait of Malacca have made it much less vulnerable to war in the Middle East. The country has largely avoided the price spikes and rationing that have hit others in Asia.

China’s policymakers are likely to conclude their approach has been vindicated. That approach includes boosting domestic output: China is rich coal, poor in oil and lacking in gas. The country imports 10% of its coal but 40% of its gas and more than 70% of its oil. To reduce the need for imports, China has encouraged more gas production from Sichuan in the southwest and Xinjiang, Shaanxi and Inner Mongolia in the north, while exploring for oil in the Bohai Sea and minimizing use of petroleum products. Renewables such as hydro, wind and solar have been deployed as quickly as possible while the country uses coal as the “ballast stone” to guarantee energy security.

China’s 5-year plan calls for expanding oil and gas production

(S&P Global; Aug. 17) - China aims to strengthen energy security, expand domestic oil and gas production and complete a comprehensive national petroleum reserve system by 2030 under its 15th five-year plan for the oil and gas sector, while also promoting green fuel development and the peaking of oil consumption, according to the plan jointly released by China's National Development and Reform Commission and National Energy Administration on Aug. 17.

The plan — centered on the dual objectives of safeguarding energy security and advancing green, low-carbon development — envisions the gradual establishment of a modern oil and gas industry system by 2030, characterized by stronger self-sufficiency, more efficient pipeline infrastructure, enhanced storage and reserve capabilities, greener production methods, higher-value processing, indigenous technological breakthroughs and more diversified international cooperation.

By 2030, China's domestic oil and gas supply is targeted to grow almost 5% from 2025. The country also plans to add 12,400 miles of long-distance oil and gas lines, raising the total length of the national trunk network to 136,000 miles. On the upstream side, China pledged to intensify exploration and development to further strengthen domestic supply. The plan calls for breakthroughs in key technologies for development of deep onshore and deepwater offshore resources. It also targets advances in the exploration and production of unconventional resources, including shale oil and gas.

Iraqi oil pipeline to Mediterranean could cost $15 billion

(Reuters; Aug. 17) - Iraq's plans to export oil via a pipeline through Syria to avert future disruptions in the Strait of Hormuz will likely require four years of construction and cost at least $15 billion, sources with knowledge of the project told Reuters. U.S. officials and energy executives are billing the plan — which is receiving initial support for feasibility studies from a consortium including Chevron — as part of a strategy to reduce the industry's reliance on a waterway that has been largely shut by the Iran war.

But two sources directly involved in the project said plans for the pipeline would take twice that long due to the need for new infrastructure and could face other hurdles. Both sources asked not to be named due to the sensitivity of the matter. Iraq has been among the countries hit hardest by the Hormuz shutdown. It exported about 3.6 million barrels of oil per day before the war, mainly through Gulf terminals, but shipped just 35.5 million barrels in total via Hormuz in July, according to state-run oil firm SOMO.

A pipeline linking Iraq's northern Kirkuk region to Syria's Mediterranean port of Banias already exists but was badly damaged by wars in Iraq and Syria and has not been in regular use since the 1980s. Both sources said the plan would require laying entirely new infrastructure rather than rehabilitating the existing pipeline and would cost at least $15 billion. Syria and Iraq have both signed separate memorandums of understanding with a consortium comprised of U.S. major Chevron, TI Capital and Qatar's UCC Holding to carry out technical and financial studies in preparation for the project.

Saudis may be following UAE lead and shuttling oil out of the Gulf

(Bloomberg; Aug. 17) - Saudi Arabia is offering to sell oil from off the coast of Oman, a sign that the kingdom may be following the United Arab Emirates in shuttling more barrels through the Strait of Hormuz. State oil company Saudi Aramco is offering cargoes on a so-called ship-to-ship basis from locations including Sohar in the Gulf of Oman, people familiar with the matter said, asking not to be identified because the information isn’t public. Saudi Aramco declined to comment.

Middle Eastern oil producers have been pressing ahead with shuttling large volumes of crude out of the Persian Gulf, helping keep a lid on oil prices and assuaging fears of an energy-driven inflation spike. The kingdom’s ability to divert exports to its Red Sea port of Yanbu made it less reliant on Hormuz and slower to boost the amount it has shuttled. But over the past several weeks, the diverted Red Sea flows have come under threat after Yemen’s Houthi militants declared a maritime blockade on Saudi Arabia.

There have been recent signs of a pickup in cargo activity from Saudi Arabia’s facilities inside the Persian Gulf. According to satellite imagery, vessels with at least 9 million barrels of transport capacity have loaded at or near the country’s giant Ras Tanura

export installations over the past week. Saudi Arabia has also amassed a large cluster of oil supertankers just outside the Persian Gulf.

Refiners push back against Saudi change in oil delivery point

(Bloomberg; Aug. 16) - Some Asian refiners are pushing back against Saudi Aramco's request that they pick up their oil at Yanbu on the Red Sea, due to the difficulty of finding ships willing to sail through the dangerous waterway. Recent attacks on tankers and energy infrastructure by Iran-backed Houthi militants in the Red Sea region have raised risks for shipowners and opened up another front in the Middle East conflict.

Yanbu became crucial to Saudi Arabia's efforts to keep shipping large volumes of crude after the war snarled traffic through the Strait of Hormuz and choked off supplies from the Persian Gulf. At least two Asian refiners have asked Aramco if they can take their purchased oil cargoes from Egypt's Mediterranean port of Sidi Kerir instead, according to traders who asked not to be named as they're not authorized to speak to media.

Some shipments of Saudi crude had already been diverted to Sidi Kerir prior to Aramco's September sales. As part of its allocations next month, Aramco asked Japanese and South Korean refiners to pick up their cargoes from the Egyptian port, according to the traders. Most processors in China, Taiwan and India were asked to collect their oil from Yanbu, they added. Before the Houthi threats, all of the Saudi oil that went to Asia was loaded at Yanbu and typically sailed through the narrow Bab el-Mandeb strait at the southern end of the Red Sea.

Saudis prepared to fully meet some supply commitments next month

(Bloomberg; Aug. 19) - Saudi Aramco has notified at least three European oil refiners that will supply full contractual crude volumes next month, easing concerns about the region’s supply while crude flows from the Persian Gulf and Red Sea are disrupted. At least three European refiners will receive all the barrels they asked for in September, people with knowledge of the matter said, asking not to be named as they aren’t authorized to speak to the media.

Two buyers will lift from Egypt’s Mediterranean port of Sidi Kerir, while the third was given an option of taking supplies from Sidi Kerir, the Saudi Red Sea port of Yanbu, or via ship-to-ship transfer from Malta. The full allocations will offer some relief to European refiners at a time when the Strait of Hormuz remains heavily disrupted, limiting flows from the Persian Gulf. The refiners can ill afford another major supply setback after shipments of Kazakhstan CPC Blend, one of their key crude sources, were sharply curtailed last month following drone attacks in the Black Sea.

Prior to Aramco's granting of the allocations, multiple traders said they were concerned that Asia might snap up more barrels from Sidi Kerir, meaning less for Europeans. Aramco already notified Asian buyers of their allocations earlier this week, Bloomberg reported previously. However, several of them are pushing back against a request from the producer to pick up their cargoes at Yanbu because threats from Yemen's Houthi militants has made it more difficult to find ships willing to sail there.

Major Chinese shipping companies collect oil outside chokepoints

(Reuters; Aug. 18) - Two Chinese shipping giants have stopped sending oil tankers through two Middle East chokepoints amid ongoing conflict and are instead collecting oil cargoes outside the Gulf, according to three industry executives, tanker trackers and a ship broker. State-controlled COSCO Shipping Energy Transportation and China Merchants Energy Shipping (CMES) have kept their tankers out of the Strait of Hormuz and Bab al-Mandeb since late July, according to tanker tracker Vortexa and a ship broker, with security concerns curbing oil shipments to the world's largest importer.

Yemen's Houthis declared a maritime embargo against Saudi Arabia on July 20, while the Strait of Hormuz remains largely closed after a brief U.S.-Iran interim peace deal reached in June fell apart. The decision by the two shippers to avoid both chokepoints followed communications with central authorities, according to a state oil trading executive and two Chinese shipping executives with direct knowledge of the matter.

"They are avoiding the two straits but sending vessels to the new STS (ship-to-ship) points outside the Gulf — low risk and good profits," said a Chinese shipping executive, referring to waters off Omani ports and the United Arab Emirates' Fujairah where in recent months most Gulf crude exports have been shipped and transferred to vessels bound for Asian buyers. Data from ship-tracker Kpler showed a surge in ship-to-ship transfers involving China- and Hong Kong-owned vessels in the Gulf of Oman, with volumes exceeding 600,000 barrels per day in June and July

LNG import terminal in Bangladesh shuts down for lack of supply

(Business Times; Bangladesh; Aug. 19) - Bangladesh's nationwide gas crisis worsened on Aug. 19 after Excelerate Energy's floating LNG import terminal shut down completely due to a total depletion of fuel reserves. The shutdown follows weeks of severe supply disruptions and highlights a critical import delay: Four emergency cargoes scheduled to arrive this month under direct procurement contracts failed to land on time.

Two floating storage and regasification units (FSRUs) operate off Moheshkhali in Cox's Bazar — one managed by U.S.-based Excelerate Energy (600 million cubic feet per day capacity) and the other by local firm Summit Group (500 million cubic feet per day

capacity). Excelerate had originally halted operations on July 21 following a fire. Though technical repairs were completed by Aug. 15, the terminal had to rely on lingering residual stocks, which steadily trickled down before running out entirely on Aug. 19.

National gas demand stands at 3.8 billion cubic feet per day; imports typically account for 1.05 bcf per day of that total. With Excelerate offline, nationwide daily supply dropped to 2.18 bcf on Aug. 19 — far below basic demand. Relief remains days away. While a replacement cargo is expected to dock at Summit's terminal on Aug. 20, the next cargo allocated for Excelerate is not projected to arrive until Aug. 23 or 24, leaving the terminal dark and domestic supply severely constrained through the weekend.