# Oil and Gas News Briefs
# Compiled by Larry Persily
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## Global supply of refined fuels stretched thin

(Reuters commentary; Aug. 20) - The Iran war has pushed the global oil refining industry to the brink, signaling that diesel and gasoline prices may remain elevated for years. While oil markets adapted remarkably well to the abrupt loss of a fifth of global crude supplies from the Middle East during the conflict, workarounds for the refining industry have been far more limited. European diesel prices have surged more than 70% since the war began, while U.S. gasoline prices have climbed around 60%.

This reflects a dramatic decline in refining output. The war knocked out more than 20% of the Middle East's 9.6 million barrels per day of refining capacity, according to the International Energy Agency, while fuel exports remain suppressed due to the closure of the Strait of Hormuz. The loss of Gulf crude led many refiners, particularly in Asia, to curtail operations. That strain was amplified by months of relentless Ukrainian strikes on Russian energy infrastructure. The attacks forced Moscow to ban diesel exports in July.

Diesel refining margins in Europe, Asia and the U.S. have surged to unprecedented levels. European diesel cracks have more than tripled since February to above $75 a barrel. U.S. diesel margins have climbed more than 140%, reaching a record $100 this week. The crisis was mitigated by pre-war fuel stockpiles — but that buffer is essentially gone. U.S. diesel inventories are at their lowest for this time of year in three decades; gasoline stocks are at their weakest seasonal level since 2012. Taken together, the disruptions have created a hole in fuel production that the industry is struggling to fill.

Sky-high prices also reduced demand among businesses and consumers, but not by enough to fully offset the supply crunch. Fuel supply is shrinking faster than demand.

## U.S. refiners export more diesel to fill global supply gap

(Wall Street Journal; Aug. 18) - Diesel buyers are competing for shrinking supply amid disruptions in Russia and the Middle East, with the U.S. at the center of a scramble that could intensify into the winter. The squeeze across the global refined-product markets, where gasoline, diesel and jet fuel compete for the same refinery capacity, is pushing prices higher. The benchmark price for European diesel hit $167 a barrel late last week, compared with about $87 a barrel a year earlier, according to data collected by price reporting agency OPIS, which is owned by Dow Jones.

Russia — traditionally one of the world's largest exporters of refined fuels — had to cut domestic fuel production and restrict diesel exports after sustained Ukrainian attacks on its refineries. In the Mideast, the war has curtailed flows through the Strait of Hormuz, which carries large volumes of oil and refined products. That has left major buyers such as Brazil and Turkey to compete with Europe for replacement cargoes from the U.S. and India. At the same time, China has yet to resume petroleum-product exports to Asia at normal levels because of concerns about potential shortages at home.

As a result, Europe has increasingly relied on the U.S., where refiners are capitalizing on extraordinary margins, sending more fuel into international markets. U.S. exports of distillate fuel — which includes diesel, heating oil and other products — rose to 1.9 million barrels a day the first week of August, the highest weekly number on record. The surge is helping fill a widening global supply gap, but it is leaving the domestic market with a thinner cushion, with stocks at their lowest for this time of year in three decades.

When Iran effectively closed Hormuz after the war with the U.S. started, refiners shifted production toward jet fuel amid fears of a global shortage, tightening diesel supplies in the process. That is because jet fuel and diesel are both middle distillates derived from crude oil, limiting refiners' ability to boost one without reducing the other.

## Planned maintenance will cut Alberta oil sands exports to U.S.

(Bloomberg; Aug. 21) – U.S. refiners are facing a looming supply drop from their biggest foreign crude supplier at a time when they need the oil the most. Canada supplies the U.S. with more than 4 million barrels a day of crude, the majority produced in the oil-rich heartland of northern Alberta and then sent south to refineries in the U.S. Those refineries are processing the most crude oil in eight years, U.S. government data show, as they look to take advantage of diesel margins that hit a record this week.

But their main international supply source is set to be constrained in the coming months. Planned maintenance in the Canadian oil sands is set to take about 300,000 barrels a day of production offline next month, according to Rystad Energy. The shortfall will be difficult to make up, as Alberta's stockpiles are also at their lowest in more than a year. Particularly vulnerable to a Canadian supply squeeze are refineries in the U.S. Midwest which rely on the country's oil for about 70% of their supply.

Canada has been a key supplier to the U.S. during the Iran War, which has curtailed Middle East exports through the critical Strait of Hormuz. Canadian oil prices have recently spiked as refiners thirst for supply. Diesel-rich synthetic crude's premium to U.S. futures rose to almost $20 a barrel last week, according to Modern Commodities, the highest since an April spike. The grade is produced from oil sands bitumen that's processed in refinery-like upgraders.

## China succeeded in cutting crude oil imports by nearly 50%

(Wall Street Journal; Aug. 21) - A sharp decrease in China's oil imports has been pivotal to keeping oil prices down since the start of the war in Iran. That, in turn, has helped curb inflation and support the global economy. How China slashed imports by nearly 50% and survived has been a mystery, even with Beijing's long-term strategy of energy self-reliance. Some clues are now emerging. Fuel-export curbs spurred refineries to cut back; travelers flew less, deterred by price increases; a shift toward coal paid off; and Chinese authorities tapped oil reserves that had been socked away before the war.

China's oil purchases remain at their lowest level in nearly a decade. China, the world's largest oil importer, purchased around 11 million barrels a day in 2025, with half that amount coming from Middle East suppliers including Iran, according to energy analytics company Vortexa. Soon after the war began in late February, China's crude oil imports fell sharply. From February to June, China slashed imports by 5.8 million barrels a day, a 48.9% drop. Levels remained low even with a July rebound.

In addition, China's widespread adoption of electric vehicles has reduced domestic demand for oil. Many of the country's refiners adapted with an established economic model: What China can't consume, it exports. The country sells gasoline, diesel and jet fuel and is a top exporter of petrochemical feedstocks, such as ethylene, that are used for manufacturing plastics, packaging materials and other everyday goods. But after the war began, Beijing restricted fuel exports. The export restrictions pushed Chinese refiners to cut back on crude-processing activities, reducing their oil demand.

## Iraq seeks higher OPEC output quota

(Reuters; Aug. 21) - Iraq has sent a delegation to Saudi Arabia seeking a higher output quota from OPEC as the country plans to raise its oil production to between 8 million and 10 million barrels per day in the next six years, its prime minister said on Aug. 21. Prime Minister Ali al-Zaidi, speaking at the Baghdad Dialog policy conference, said he sent a delegation on Aug. 21, headed by Iraq's ministers of oil and finance, to Saudi Arabia, OPEC's de facto leader, to discuss raising Iraq's OPEC quota.

Iraq produced around 4 million barrels of oil per day before the outbreak of the Iran war. It has been among the countries most affected by the effective closure of the Strait of Hormuz by Iran. OPEC+ has appointed Texas-based DeGolyer and MacNaughton to independently assess the maximum sustainable capacities of most of the producer group's members, including Iraq. The consultancy is expected to present its findings to the OPEC Secretariat at the end of September, after which discussions will begin on new production baselines for use from 2027.

Baseline talks are often contentious because higher baselines generally translate into larger production allowances, giving countries an incentive to push for higher baseline

levels. Iraq is working to expand its exports through Turkey's Ceyhan port and to begin exporting oil through Syria's Baniyas port and Jordan's Aqaba port, al-Zaidi said. The plans to export oil via a pipeline to Syria's Baniyas, to avert future disruptions in Hormuz, will likely require four years of construction and cost at least $15 billion.

## U.S. blockade reduces amount of oil available to buyers in China

(Bloomberg; Aug. 21) - The amount of Iranian oil that's readily available to Chinese buyers is rapidly running out, showing the effectiveness of the U.S. blockade of the country's ports at choking off revenue to Tehran. About 40 million barrels of the Islamic Republic's crude is sitting on vessels near Singapore, in an area that's popular for ship-to-ship transfers for oil heading to China, according to Kpler. However, only 10% of that remains unsold, the data intelligence firm said, citing market participants.

The U.S. renewed its blockade in mid-July, and a growing flotilla of Iranian ships are now trapped. At least 41 million barrels of oil is now stuck on vessels inside the Persian Gulf, as are 22 empty tankers, according to Kpler. That's a blow not only to Tehran but also to China's independent refiners, or teapots, the main customers for the crude.

"Buyers could face virtually no new Iranian supplies available for late-September delivery onward," said Muyu Xu, a senior crude analyst at Kpler. The Iranians can now charge more for their oil, given that almost no supply is available, she said. The squeeze is already showing up in prices. Offers for the Iranian Light grade have risen to as much as $3.50 a barrel above ICE Brent this week, compared with a discount of around $3.50 just a week earlier, Kpler said.

## U.S. shale pioneer invests in Argentine oil producer

(Bloomberg; Aug. 20) - Billionaire shale pioneer Harold Hamm's Continental Resources has signed agreements to buy half of an Argentinian shale oil firm owned by Mercuria Energy, with the firms promising more than $4 billion of investment to expand output. Mercuria and Continental will become 50-50 joint venture partners in Phoenix Global Resources, the companies said on Aug. 20, while announcing plans to treble Phoenix's output to over 100,000 barrels of oil equivalent in the next five years. The combination will also add shale oil interests from Jose Luis Manzano's Integra Capital, they said.

It's the latest investment in Argentinian shale oil from U.S. investors this month after tech billionaire Peter Thiel reported a sizable stake in Vista Energy. Continental CEO Doug Lawler touted reforms from Argentinian President Javier Milei, as "ultimately helping pave the way for this significant partnership." Milei's free-market reforms are helping drive the world's fastest-growing shale boom in Argentina's Vaca Muerta formation, after years of government controls stifled development.

Trading house Mercuria started its investment in Argentinian shale in 2017 when it formed Phoenix through a listed oil producer which it later took private. Mercuria is known as one of the biggest independent traders of oil and gas, owned mostly by co-founders Marco Dunand and Daniel Jaeggi. Earlier this year, it also reached a $1.4 billion deal to buy one of Argentina's biggest oil refineries and a network of gas stations.

## Exxon tells Kazakhstan: Production will decline without investment

(Bloomberg; Aug. 20) - ExxonMobil has told Kazakhstan that the country's top oil field is on the cusp of peak output and its production will slump sharply in the coming decade. The supermajor is seeking to invest billions of dollars in a new oil project at the nation's Kashagan development, a step that would help to cushion a slide in production at Tengiz, its top deposit. Tengiz output is set to plateau next year before sliding to about 500,000 barrels a day by 2035 — a slump of about 40% from its high, according to part of a company presentation made to authorities in Astana that was seen by Bloomberg.

Exxon has told Kazakhstan that a potential $80 billion joint investment to expand the Kashagan field is contingent on resolving a long-running $150 billion dispute between the government and international companies and a $5 billion environmental fine, Bloomberg reported previously. The proposed investment, in an equal joint venture with state-owned KazMunayGas National Co., would tap the undeveloped western part of the vast Kashagan reservoir, potentially producing as much as 600,000 barrels a day, Bloomberg reported. KazMunayGas contests Bloomberg's reporting.

Exxon's production estimates for Tengiz were based on no large investments being made to boost output — something that may not be the case in reality, people with knowledge of the matter said, asking not to be identified because the presentation was private. Exxon declined to comment on the presentation. Kazakhstan's Energy Ministry and Kashagan operator North Caspian Operating Co. didn't comment.

## Venezuela's deteriorated terminals cannot keep up with oil exports

(Reuters; Aug. 21) - Venezuela's dilapidated oil port terminals are imposing a de facto export cap on the country's resurgent crude production, with tankers having to wait up to 30 days to load because of aging infrastructure, power outages and quality issues, according to shipping data, sources and documents. The delays are putting roadblocks on a U.S. plan to quickly boost Venezuela's oil exports following a flagship pact with global trading houses.

The fight for infrastructure looks likely to intensify as many partners of state energy firm PDVSA get ready to market their share of output independently under new contract terms. The last time customers had to deal with such delays was during a naval

blockade imposed by the U.S. late last year, part of a strategy that culminated with the Jan. 3 capture of then-President Nicolas Maduro. Since then, interim leader Delcy Rodriguez has been sticking to Washington's plan to reanimate oil exports.

In recent months, PDVSA and its partners have been unable to surpass 1.25 million barrels per day of exports, even amid rising crude output that is still less than half the volume of two decades ago. The loading woes are triggering disputes over demurrage, crude quality and ship contamination, according to maritime documents, four sources and vessel monitoring data. "The speed of crude transfers from tanks to vessels is incredibly slow, which forces tankers to occupy docks for longer than their assigned loading windows," a PDVSA source said.

## Norway says it will continue drilling in Arctic waters

(Reuters; Aug. 24) - Norway will continue developing its oil and gas resources in the Barents Sea regardless of the European Union's support for a moratorium on Arctic hydrocarbon supplies and no longer sees itself as Europe's "green battery," Energy Minister Terje Aasland told Reuters. Following Russia's 2022 invasion of Ukraine, Norway has become Europe's largest supplier of natural gas, meeting around 30% of gas demand of both the European Union and Britain.

Last year, the country's gas production was near record levels, while oil output reached its highest level since 2009. Official forecasts, however, show production falling sharply after 2030 unless new resources are discovered and developed. "In today's geopolitical and security environment, and given the resource situation, I believe continued activity in the Barents Sea serves both Norwegian and European interests," Aasland said in an interview ahead of ONS, Norway's biannual energy conference, which begins Aug. 25.

The EU currently supports a ban on new drilling in the Arctic on environmental grounds but is considering revising its policy in response to concerns about energy security. Anders Opedal, CEO of Equinor, Norway's biggest oil firm, said oil and liquefied natural gas from the Barents Sea can be shipped anywhere in the world if rejected by the EU. "The only thing that will suffer from this is actually European security," Opedal said. The energy minister said Norway aims to maintain petroleum production and exports at roughly current levels until at least 2035, and Barents Sea production will be key.

## New pipelines will move 4.5 bcf a day of Permian Basin gas

(RBN Energy; Aug. 20) - The Permian Basin is the nation's second-largest natural gas-producing region, and over the past couple of years it has been dominated by one overarching story: Pipeline takeaway constraints and periods of negative prices at the Waha Hub. That has changed recently, however, as more pipelines enter service. Now,

a consortium led by WhiteWater Midstream has reached a final investment decision on the Solitude Pipeline System, which will have the capacity to take an astonishing 4.5 billion cubic feet per day of gas from the Permian by the early 2030s.

Despite the lonely sounding name, Solitude will consist of two 48-inch pipelines, each capable of transporting 2.25 bcf per day. Solitude is the name of a ski resort in Utah, which is probably the source of the name, as many WhiteWater-affiliated pipelines in Texas are named after mountains (Whistler, Blackcomb, Matterhorn, Eiger). Solitude will run from the Permian to Katy, just west of Houston. This is a familiar route for WhiteWater, which has been operating the Matterhorn Express pipeline since late 2024 and is building Eiger Express, which is planned to enter service in 2028.

Solitude has a different ownership group than other WhiteWater-led pipelines. WhiteWater will own 50% of Solitude, followed by Devon Energy (25%), MPLX (10%), Diamondback Energy (7.5%) and Western Midstream Partners (7.5%). The current plan is to have the first Solitude line flowing gas in late 2029, with the second in 2030.

## India pays highest prices for spot-market LNG since 2022

(Bloomberg; Aug. 21) - Energy companies in India have been paying some of the highest prices they've paid in years for liquefied natural gas on the spot market as the Iran war continues to disrupt supplies of the fuel. GAIL India, a state-run gas company, recently paid more than $23 per million Btu for a cargo to be delivered in September, according to people familiar with the matter. India's Gujarat State Petroleum paid in the mid-$23 range for a September cargo, the people said.

Those are the most expensive LNG cargoes imported into the India since 2022, according to the people who asked not be name because the deals aren't public. State-backed energy companies are turning to the LNG spot market and bidding up prices as the government is pushing to support fertilizer producers, which need natural gas.

India has typically bought LNG through long-term contracts from Qatar, the world's second largest supplier of the fuel. But Qatar's export terminal was damaged by Iranian attacks in March, and ships are still largely blocked from passing through the Strait of Hormuz. India is also having to compete with LNG buyers in Europe, where gas prices have soared to a five-month high.

## Production will start next month from Australia shale gas basin

(Reuters; Aug. 20) - Deep in Australia's Red Centre, gas is set to start flowing next month from the sprawling Beetaloo Basin to Darwin 310 miles north, in what developers hope kicks off the country's own U.S.-style shale revolution. The prospects for the

Beetaloo are vast. Geoscience Australia data shows it holds 7 trillion cubic feet of gas, fueling local government dreams it will power data centers in the underdeveloped Northern Territory and feed liquefied natural gas exports to Asia.

But the challenges are big. It needs new pipelines at billions of dollars to reach distant demand centers and it faces political hurdles, including Australia's new policies requiring data centers to be primarily powered by renewable energy and LNG projects to reserve 20% of their gas for the local market. Tamboran Resources will send an initial 37 million cubic feet a day of gas from its Shenandoah project next month, followed later this year by a smaller quantity from Beetaloo Energy — modest volumes that will meet Darwin's daily use and help operators understand how quickly a well's gas might decline.

Tamboran CEO Todd Abbott, who joined in January from U.S. shale producer Seneca Resources, said in a decade the company expects to be producing more than 1 billion cubic feet of gas per day. That could fuel a 9% increase in Australia's LNG export capacity. The Beetaloo is frequently compared with the Marcellus shale in the U.S. but is far older at 1.3 billion years versus around 400 million, with much harder, more compacted rocks as a result. So far, Tamboran and its partners have spent A$1 billion ($713 million) on exploration and appraisal drilling, a spokesperson said.

## Oil-spill risks increase as more tankers travel ‘dark’

(The New York Times; Aug. 21) - The risk of a catastrophic oil spill in ecologically sensitive waters around the Strait of Hormuz has hung over the region since the start of the war in Iran. Now the threats are increasing, maritime experts say, as the conflict has widened and more tankers are navigating the region’s waterways with their tracking transponders turned off to dodge military strikes and drone attacks.

The advent of transponders and more advanced navigation equipment has made modern shipping safer and cut down on collisions and spills. Turning them off, or going “dark,” is a perilous activity typically reserved for vessels under sanctions or carrying illicit loads. But since March 1, there have been an alarming 1,514 dark crossings in and out of the Persian Gulf, according to Kpler, a maritime data firm. “When more ships become invisible, situational awareness declines,” said Kaveh Madani, director of the United Nations University Institute for Water, Environment and Health.

Those risks are compounding across the region: Three different oil slicks are spreading through the Persian Gulf and Gulf of Oman, according to maritime security experts who are tracking the spills. Most worrisome is a tanker known as the Caroline Bezengi, which was carrying nearly one million barrels of Russian crude bound for Asia. The ship, operating under international sanctions, ran aground off Oman after an unexplained explosion in early June. The ship is believed to be part of a so-called shadow fleet that Russia uses to circumvent Western financial restrictions on its oil exports.

## Persian Gulf oil exporters stock up on their own tankers

(Financial Times; London; Aug. 19) - Soaring demand for tankers to shuttle oil out of the Gulf has pushed vessel prices to record highs as Middle Eastern countries search for ways to export cargoes despite the continuing strikes on ships. The cost of both new-build and modern second-hand ships in the largest class of oil tanker has reached more than $130 million in the past quarter — the highest since 2008 — while rates to charter a supertanker for one year have hit historic highs, according to shipbroker Braemar.

Oil-exporting countries looking to secure their own fleet of ships to get cargoes out were partly driving prices, especially for readily available second-hand ships and charters. The oil-producing nations wanted better control of their own exports, said David Holland, head of sale and purchase at Braemar. Producers such as Iraq, which do not have their own ships, have been offering deeper discounts than usual to convince buyers to take the risk of sailing through the Strait of Hormuz.

Abu Dhabi National Oil Co. and Kuwait Petroleum Corp. have established a system of shuttle runs to ship oil from the Gulf through the strait to waiting tankers on the other side that can move the cargoes to destination countries. ADNOC Logistics & Services, the oil group's shipping arm, intended to make "big investments in second-hand vessels to support ADNOC Group companies," said CEO Abdulkareem Al Masabi. ADNOC in August bought six oil supertankers and five of the largest class of liquefied natural gas carriers for $1.3 billion, all of which will immediately be deployed by the company.

## Wyoming offers state-backed bonding for oil and gas drillers

(Cowboy State Daily; Wyoming; Aug. 21) - When the Biden administration proposed raising federal oil and gas bonding requirements nearly twentyfold, many of Wyoming's independent producers wondered how they would survive. Wyoming's answer is the nation's first state-backed oil and gas bonding pool, which has just launched. Funded with $45 million in existing industry fees, the pool is designed to help operators meet federal and state bonding rules without tying up the capital they need to keep drilling.

State and industry leaders also see it as a way to "future-proof" Wyoming's oil and gas sector against unpredictable swings in federal policy from less friendly administrations. Bonding — the financial assurance required to ensure oil and gas wells are properly plugged and reclaimed — is a big challenge for Wyoming's small, independent operators. It's one of those behind-the-scenes costs that doesn't usually make headlines but can be make or break for the independent oil and gas companies that, collectively, make up two-thirds of Wyoming's oil production.

In June 2024, the Biden administration boosted bonding requirements on federal leases from $25,000 to $500,000. "The bonding requirements proposed by the Biden administration could have easily put many small operators out of business," Wyoming

Petroleum Association’s Ryan McConaughey said. “The financial risks from the bonding would have been too high.” The state-backed bonding pool will serve as an immediate lifeline for the state’s independent oil and gas producers, he said.

## Manitoba says Hudson Bay LNG terminal could cost C$70 billion

(CBC Canada; Aug. 21) - Manitoba Premier Wab Kinew says it will cost C$70 billion to $80 billion to build a Port of Churchill expansion that includes an offshore liquefied natural gas terminal in Hudson Bay. A series of studies suggests freighters hardened against ice can safely navigate Hudson Bay outside of the existing four-month Port of Churchill shipping season — but warn that fully laden LNG tankers hardened to withstand sea ice cannot maneuver within the shallow, narrow entrance to the port.

"Significant dredging, infrastructure modifications or development of an offshore loading facility would be required before such vessels could be employed at Churchill," says a feasibility study contracted by Arctic Gateway Group, which owns the port and Hudson Bay Railway. Kinew says he is heartened by studies suggesting shipping LNG through icy waters is possible and dismissed the idea that Inuit, First Nations and other Arctic residents would be as opposed to LNG as they would to oil moving in Hudson Bay.

Kinew spoke after three studies bolstered the hopes of extending Churchill's shipping season from the current average of roughly four and a half months. The studies say year-round shipping could commence with the use of vessels hardened against sea ice, even as ice is expected to pose challenges. Kinew says the results of the studies provide Manitoba's government with some certainty as it tries to pitch investors on a multibillion-dollar proposal to expand the Port of Churchill and upgrade the Hudson Bay Railway. A pipeline would be needed to move western Canada gas to the bay for export.