

Oil and Gas News Briefs

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Future of black market oil depends on China

(Bloomberg commentary; Feb. 4) - Oil smuggling has been so enormously profitable that no matter how many obstacles Washington and the European Union put up, the barrels kept flowing. With a daily turnover of \$1 billion, the black market has been just too attractive. For the first time, however, I see cracks in the illicit business. Millions of barrels of unsold Iranian and Russian crude are accumulating in storage. The reason isn't just more U.S. and European sanctions and political pressure.

The pressure has helped, but the key factor is more mundane: Buyers of sanctioned crude have plenty of alternative aboveboard barrels available — at reasonable prices. Playing by the rules carries a smaller cost. Buyers of sanctioned oil, notably India and Turkey, have been switching with ease over the past 60 days to unsanctioned barrels. For now, this means any glut of unsold crude is being concentrated in the shadows of the black market, away from the limelight of the world's top oil-price benchmarks.

At \$63 or so for West Texas Intermediate, the price is alluring enough to make buying illicit stuff not worth the bother. The size of the black market glut is difficult to ascertain. My educated guess is that the stockpile, spread between onshore tanks and tankers at sea turned into temporary storage facilities, is hovering at more than 100 million barrels.

For now, Russia and Iran have been able to keep pumping even if some barrels go unsold, putting the surplus into storage. But there's a physical limit to storage capacity. Either they find new customers or sooner or later they'll have to reduce production. China is the wild card. Beijing purchases about 95% of the oil that Iran exports, and about 60% of Russia's. Put simply, this black market wouldn't exist without China. Beijing's next move will have profound implications for the global market.

China buys Russian oil at even steeper discounts

(Reuters; Feb. 5) - Discounts on Russian oil exports to China widened to new records this week as sellers cut prices to lure demand from the world's top crude importer and offset the likely loss of sales to India, traders said. Price cuts for China came after U.S. President Donald Trump announced on Feb. 2 a trade agreement with Indian Prime Minister Narendra Modi that included halting oil purchases from Russia, but without giving details on how and when.

A halt by India would make China the only major client for cheap Russian oil. The world's second-biggest oil exporter is already struggling with falling demand from India due to Western sanctions, with Russian oil held in floating storage rising. JPMorgan analysts wrote in a note Feb. 4 that their base case is that India will import Russian crude at 800,000 to 1 million barrels per day after the trade deal. India's Russian oil imports peaked around 2 million barrels per day last June.

"China, especially Shandong's independent refiners, are the main beneficiaries of this trend — absorbing most displaced Russian barrels and boosting margins, runs and strategic stockpiles thanks to deep discounts and supportive domestic policy," the analysts wrote. Discounts for ESPO Blend, delivered from Russia's Pacific port of Kozmino to China, widened to nearly \$9 a barrel to Brent this week, from \$7 to \$8 in recent months, the sources said. Discounts for Russian Urals grade, exported from the Baltics — typically to India — were at about \$12 and could widen further, they added.

Russian oil idles at sea as India cuts back its imports

(Bloomberg; Feb. 7) - More than a dozen tankers loaded with Russian Urals oil are sailing toward Asia or idling along the route, a sign of producers racing to get cargoes closer to China as India pulls back from the trade. These vessels, carrying a combined 10 million to 12 million barrels of oil, are spread across the Indian Ocean and off the coasts of Malaysia, China and Russia. Five of them are indicating "for orders" or "China for orders" as their status, according to data intelligence firm Kpler, a category that usually means they don't yet have a specific buyer or discharge port.

Another six are signaling Singapore and Malaysia, and are likely heading to a popular spot for ship-to-ship transfers in the South China Sea where they can wait until the crude is bought. Four are floating off Malaysia, China and Russia's Far East, without indicating a clear destination. Urals — Russia's flagship crude grade, which is loaded from ports in the Baltic Sea — has become the variety of choice for Indian refiners since the invasion of Ukraine in early 2022 saw it become heavily discounted.

But pressure from Washington has pushed India's imports of Russian oil lower, reaching an average of 1.2 million barrels a day in January compared with a peak of more than 2 million barrels a day in mid-2024. The big question is where the surplus of Urals — the bulk of which has gone to India the past few years — will end up. China's independent refiners have been enthusiastic buyers of Russian oil, but they favor grades such as ESPO and Sokol loaded from the country's Pacific coast. The looming global oil glut is making it harder for Moscow to find takers for the Urals crude.

Oil majors go after new prospects in West and Southern Africa

(Reuters; Feb. 4) - Chevron and TotalEnergies are among the oil majors snapping up offshore blocks in West and Southern Africa as compelling geology, regulatory reforms and the need to restock spur a hunt for the next Brazil. Companies are restocking their oil and gas assets given prospects for fossil fuel demand to stay higher for longer than predicted just a few years ago. "The majors are clearly in something of an acreage reload and have been able to secure large acreage positions," said David Thomson, vice president of Sub-Saharan Upstream at Welligence energy analytics.

With growth in U.S. shale topping out, other regions are drawing fresh attention, including West and South Africa, with Shell, for example, returning to offshore Angola after a 20-year absence. Of the oil and gas discovered since 2020, some 11%, or about 8.7 billion barrels of oil equivalent, has been found along West Africa, most of it oil, said Justin Cochrane, African upstream regional research director for S&P Global Commodity Insights. The region holds around 14% of the liquids discovered since 2020, or some 5.6 billion barrels, he added.

France's TotalEnergies has been the most active international player, last September finalizing new production-sharing contracts in Nigeria, Congo Brazzaville and Liberia, according to Thomson at Welligence. Angola, sub-Saharan Africa's second largest oil producer, introduced a presidential decree in 2024 that included reforms and tax cuts aimed at making mature blocks more investible and to spur exploration. Angola about a year earlier quit OPEC, freeing itself from the group's output curbs.

Argentina, Guyana, Brazil drive South American oil production growth

(Bloomberg; Feb. 4) - Argentina, Guyana and Brazil remain poised to drive oil production growth in South America for years to come despite the U.S. push for investment in Venezuela, Rystad Energy said. The consulting firm estimates flagship projects in the three countries will add more than 700,000 barrels per day in oil production this year, compared to a potential 300,000 barrels per day from Venezuela. The countries will beat out Venezuela through at least 2030, the consulting firm said.

"If the industry starts making more long-term, economically rational choices now, Venezuelan oil production could make sense in a higher oil-price environment," said Radhika Bansal, vice president of oil and gas research at Rystad. "However, more attractive barrels will still be at play, with Venezuela's extra-heavy, emissions-intensive oil posing persistent challenges."

Investment in Latin America's oil industry is expected to increase in 2026, but will be primarily consolidated in projects with near-guaranteed return on investment, Rystad said. That includes greenfield projects in Guyana and Suriname, as well as further investment in Argentina's Vaca Muerta region. Overall, Rystad expects Latin America's

oil output to exceed 8.8 million barrels per day this year, led by Brazil. Shale investment in Argentina will be a major driver of growth — the firm expects Latin America’s shale sector to near \$11 billion this year, up from \$9.4 billion in 2025.

[U.S. government support gives Exxon, Chevron an edge overseas](#)

(Bloomberg; Feb. 6) - Exxon Mobil and Chevron are setting their sights on expanding production in nations tied to OPEC, including some of the world’s riskiest geopolitical hotspots, as President Donald Trump’s assertive foreign policy helps them strike deals. Venezuela, home to the world’s largest reserves, is the most high-profile opening of a nation that had been mostly off-limits to U.S. investors after Trump captured former leader Nicolas Maduro and took control of the country’s crude exports.

But the U.S. is also backing Exxon and Chevron as they negotiate in Iraq, Libya, Algeria, Azerbaijan and Kazakhstan, according to public announcements and people familiar with the talks who asked not to be identified discussing confidential meetings. The U.S. oil majors’ international forays are the latest example of how Trump has upended the norms of the ways American corporations do business, especially in industries that he favors, like manufacturing, fossil fuels and cryptocurrency.

While Europe’s majors are also seeking to expand in the Mideast, the U.S. government support gives Exxon and Chevron a competitive edge. “You have U.S. ambassadors out there stumping on behalf of companies,” said Samantha Carl-Yoder, a former senior State Department official who helped U.S. companies expand overseas under President Barack Obama and during Trump’s first term. “They’re running with it in a way that just didn’t exist under prior administrations, even Republican ones.” With host governments keen to win over Trump, gain implicit U.S. security guarantees and avoid tariffs, U.S. oil execs sense an opportunity for international growth that hasn’t existed in 20 years.

[U.S. approves license for proposed Texas offshore oil export terminal](#)

(Reuters; Feb. 3) - The U.S. Transportation Department on Feb. 3 approved a license for oil transportation and storage company Sentinel Midstream’s planned deepwater oil export project off the Texas coast. Texas GulfLink is planned for up to 1 million barrels per day of exports. The floating port will be located approximately 26.6 nautical miles off the coast of Brazoria County, Texas, and will be built to load the largest supertankers. Sentinel Midstream did not immediately respond to a request for comment.

Currently, only the Louisiana Offshore Oil Port can fully load supertankers. Other facilities can only load a supertanker partially due to draft restrictions, requiring them to use smaller ships to ferry crude to the larger vessel to fill it. The Texas project will enhance the U.S. ability to accommodate Very Large Crude Carriers, which is faster,

cheaper and more efficient than transferring cargo in nearshore waters. U.S. crude exports rose to an average of 4.4 million barrels per day in September, the highest since February 2024, according to the U.S. Energy Department.

Alberta premier prefers northwest B.C. for new oil export terminal

(Bloomberg; Feb. 5) - Alberta is homing in on potential routes for a proposed new oil pipeline to Canada's West Coast, and a northwest location may hold the most advantages, Premier Danielle Smith suggested. "I think there's five different ports that are in consideration right now," she said in an interview with Bloomberg News. Her government wants to add enough capacity to carry an additional 1 million barrels a day to an ocean port, from which it could be shipped to Asian buyers.

Alberta has launched technical studies on the project in an attempt to get it approved faster by the federal Major Projects Office. Canadian Prime Minister Mark Carney has prioritized diversifying trade away from the U.S. in light of President Donald Trump's tariff policy. Energy is the country's biggest export and the U.S. its biggest market, but Canada is looking to sell more oil and gas to China, India and other nations.

Smith has ruled out the British Columbia town of Kitimat as an endpoint, calling the remote community at the end of windy fjords "too complex" for oil tankers. Her criteria suggest Prince Rupert may be the top option. The northern city is already home to Canada's third-largest port by trade value after Vancouver and Montreal. It's a key exit point for Alberta commodities such as grain, propane and plastics. But any project in northern British Columbia faces potentially difficult negotiations with Indigenous communities, many of which have voiced opposition to crude pipelines. Oil tankers are currently banned by federal law from operating along that portion of the B.C. coastline.

Cheniere files to expand Corpus Christi LNG to 49 million tonnes

(Reuters; Feb. 5) - Cheniere Energy, the largest liquefied natural gas exporter in the U.S., has applied to the Federal Energy Regulatory Commission to build a 24 million-tonne-per-year LNG plant at Corpus Christi, Texas. The project would be an expansion of Cheniere's Corpus Christi plant, which at present has a capacity of 18 million tonnes per year but will soon produce as much as 25 million tonnes with the ongoing Stage 3 expansion expected to be completed by the end of 2026. If the Stage 4 project is approved, Corpus Christi capacity would eventually rise to 49 million tonnes per year.

The latest expansion would entail adding four new liquefaction units, also called trains, that would each produce 6 million tonnes per year of LNG, according to the filing with FERC. Cheniere hopes to get federal approval by May next year for the project. In 2025, the U.S. exported 111 million tonnes of LNG, according to preliminary data from

financial firm LSEG. The U.S. has an additional 100 million tonnes under construction to come online between 2027 and 2030, leading to concerns by some energy majors that there could be a global oversupply of LNG by 2030.

Cheniere has been in a race with Venture Global. Cheniere has a present capacity of 52 million at its terminals in Corpus Christi and Sabine Pass, Louisiana, with an additional 8 million tonnes under construction. Venture Global has a capacity of 40 million tonnes at its Louisiana terminals, with an additional 28 million tonnes under construction.

Taiwan expects Alaska LNG to submit cost report first half of this year

(Energy Intelligence; Feb. 5) – Fang Jeng-zen, chairman of Taiwan's state-owned oil and gas company CPC Corp., in response to a question from Energy Intelligence, said his company is still waiting to receive the Alaska LNG development consortium's front-end engineering and design report. He said the report is expected to be submitted to potential partners in the first half of this year. "When we receive this report, we will be able to understand the investment content, feasibility and cost, and on that basis evaluate its benefits for our country and CPC," Fang said.

"If we believe it is feasible, we will report our findings and evaluation to the Ministry of Economic Affairs," he added. Alaska LNG is a proposed \$44 billion, 20 million-tonne-per-year export project, led by developer Glenfarne, that includes an 807-mile, 42-inch pipeline to connect Alaska's North Slope gas fields to a liquefaction facility. In March 2025, CPC signed a non-binding letter of intent to buy 6 million tonnes per year from Alaska LNG, which would push the current U.S. share of Taiwan's LNG imports from 10% — or 2.5 million tonnes — in 2025 to as much as 35%.

However, Fang noted that such a share would only come about in the early 2030s, as the Alaska LNG project is not expected to begin exports until about 2032. Meanwhile, in a move increasingly common among U.S. LNG buyers, Fang said CPC is also pursuing possible investments in U.S. shale gas projects upstream. He noted that shale gas operations in the U.S. had a "very mature legal framework and robust infrastructure."

Japan's Mitsui eyes stake in QatarEnergy's LNG expansion

(Reuters; Feb. 5) - Japan's Mitsui is close to buying a stake in the second phase of QatarEnergy's massive North Field project as it seeks to secure stable liquefied natural gas supply, five sources close to the matter told Reuters. If reached, the deal would bolster Japan's energy security as it looks to meet an increase in electricity demand from the artificial intelligence boom with conventional fuels, since adoption of renewable power is slowed by delays at wind power projects.

It would also give Qatar, the world's second-largest LNG producer after the U.S., a greater share of Tokyo's energy portfolio after the Mideast country struck a vast 27-year supply deal earlier this week with JERA, Japan's top power generator. The sources spoke on condition of anonymity as the matter is not yet public. The size of the stake and its value were not immediately available. "Talks are at an advanced stage," said one of the sources. Another source said Mitsui and QatarEnergy are finalizing terms.

The North Field LNG project, which will be the world's largest, is expected to boost QatarEnergy's output of the super-chilled fuel by about 64% to 126 million tonnes per year by 2027, from 77 million now. Of that, the second phase, called North Field South, will add 16 million tonnes at a cost of about \$17.5 billion, according to a 2024 research report by the Japan Organization for Metals and Energy Security. QatarEnergy holds a 75% stake in North Field South while majors TotalEnergies and Shell hold 9.375% each and ConocoPhillips has a 6.25% stake.

Taiwan says it will boost purchases of U.S. LNG this year

(Reuters; Feb. 5) - Taiwan will ramp up its purchases of U.S. natural gas to make up about one-third of its imported supply this year, while it reduces purchases from other countries, officials said on Feb. 5. Taiwan, which runs a large trade surplus with the U.S., has also shown an interest in a potentially enormous new liquefied natural gas project in Alaska that the Trump administration has been pushing hard to allies in Asia.

Taiwan Economy Minister Kung Ming-hsin, whose ministry is in charge of energy policy, told reporters in Taipei that Taiwan wants more gas from the United States rather than other countries. Fang Jeng-zen, chairman of Taiwan's state-owned refiner CPC Corp, said at the same briefing the plan is to get about one-third of imports from the U.S. this year. "We plan to increase purchases of natural gas from the U.S. to 30% to 33% this year from about 10% now," Fang said.

The U.S. has consistently accounted for about 10% of Taiwan's imports of LNG this decade. Qatar and Australia were its biggest suppliers in 2025, each accounting for one-third of the 23.81 million tonnes in imports, data from analytics firm Kpler showed. While Qatar's share of Taiwan's LNG market has steadily risen to 33.5% in 2025 from 25% in 2021, Australia's share fell to 33.4%, its lowest since 2021.

Japan's deal for Qatari LNG shows it values energy security

(Reuters commentary; Feb. 5) - Qatar's long-term deal to supply Japan's largest power generator JERA with liquefied natural gas highlights two key themes in the red-hot market for the fuel: The race to gain market share and global push for energy security. Qatar's national oil and gas company QatarEnergy on Feb. 3 signed a deal to supply

JERA with 3 million tonnes per year over 27 years, starting in 2028. For Qatar, the deal is a strategic win that will help ensure it keeps pace with its biggest competitor, the U.S.

Qatar retains key advantages over the U.S. and other producers around the world, including lower production costs and closer proximity to Asia, the world's largest and fastest-growing LNG market. However, Qatar has seen its exports to Japan slip by about 75% from a peak in 2013 as Japanese demand softened and competition from other exporters grew. This new deal with JERA — which will double the country's LNG shipments to Japan — follows a string of big-ticket wins for Qatar. It has signed several agreements to supply countries including China, the world's largest LNG importer.

The deals underpin Qatar's huge expansion projects that are expected to increase the country's LNG export capacity from 77 million tonnes per year today to 110 million later this year and 142 million by 2030. This blistering growth should help Qatar narrow its gap with the U.S., which seized the crown as the world's top LNG exporter in 2023.

For Japan, the agreement marks a dramatic shift in its energy posture. At the start of the decade, it was determined to shrink its dependence on expensive gas and other fossil fuel imports. So what explains Japan's abrupt U-turn on LNG? The answer is security. Japan's strategic energy plan published last February said international tensions and uncertainty over the speed of the deployment of renewable technologies meant the country should secure long-term LNG contracts regardless of advances in renewables.

Japan's trading houses expand natural resources, energy businesses

(Nikkei Asia; Feb. 6) - Japan's major trading houses are expanding their natural resource-related businesses, spurred by the global energy transition and the AI-driven need for more metals and electricity to power data centers. Marubeni, Mitsubishi, Mitsui and Sumitomo, which all reported quarterly earnings this week, have either announced plans in recent months to buy into resources or stand to benefit from existing investments such as in natural gas and copper.

"Perhaps what we see now is some investment toward the upstream and in energy and metals, as opposed to the midstream and soft commodities," said Lorraine Tan, director of equity research, Asia, at Morningstar. "It is possible that this is being done now that the economics are looking to be more attractive and the purchase prices are fair."

Mitsubishi recently made huge bets on natural gas, announcing in mid-January a \$7.5 billion acquisition of shale gas businesses in the U.S., its biggest deal ever, as well as a smaller \$260 million investment in an offshore gas field in Brunei. "With the expansion of electricity demand for data centers, the importance of gas and LNG is being re-recognized, and we expect to place greater emphasis on these areas," said Mitsui CFO Tetsuya Shigeta on an earnings call on Feb. 5. Marubeni CEO Masayuki Omoto also stressed the importance of gas at the company's earnings press conference on Feb. 4.

U.S. and Russia supplied a record 80% of EU's LNG in January

(Bloomberg; Feb. 4) - Europe's reliance on its two biggest providers of liquefied natural gas surged to a record last month, stoking concern that the region is still failing to diversify. The European Union got more than 80% of its LNG from the U.S. and Russia in January, according to ship-tracking data compiled by Bloomberg. It's a stark shift from four years ago, when other suppliers provided about half the total during the energy crisis that followed Russia's invasion of Ukraine.

The jump in U.S. flows — accounting for 63% of imports — is of particular concern, with EU politicians warning the bloc could become beholden to the Trump administration which has increasingly used financial coercion against long-time allies. Since Russia's war on Ukraine in 2022 — and particularly after Donald Trump's return to the White House — Europe has come under pressure to boost its imports of U.S. LNG. A trade deal last year included a commitment to purchase \$750 billion of U.S. energy by 2028.

Yet with Trump threatening economic penalties on countries that don't bend to his will, such commercial ties can start to look like strategic vulnerabilities. Meanwhile, Russian LNG shipments to the EU have hovered around record levels, representing an 18% share of the total last month. That may reflect a push by traders to secure supplies before a ban on Russian gas imports gradually kicks in, with all EU-Russia energy dealings set to end by late 2027.

Norway rejects attempt to stop LNG plant connection to electrical grid

(Reuters; Feb. 5) - Norway's parliament on Feb. 5 rejected a proposal to block Equinor's plan to supply electricity to its Hammerfest liquefied natural gas plant from the region's power grid, allowing the ongoing development to continue. Opposition parties had sought to revoke the plant's planned link to the power grid, but the motion failed. A total of 48 members of parliament, known as the Storting, backed the opposition's proposal, while 54 voted against.

"For Equinor and our partners, it is crucial to be able to trust the authorities' decisions," Equinor CEO Anders Opedal said in an emailed statement to Reuters following the vote. "It is therefore good that the Storting has not made new decisions that are intended to intervene in an ongoing industrial project." Any such intervention would "be destructive of the trust and predictability that is necessary for long-term investments," not just for Equinor but all of Norwegian industry, Opedal said.

The government approved the connection in 2023 to cut greenhouse gas emissions at the plant on an island off Hammerfest and extend its lifetime. Critics say hooking up the gas-driven plant to the grid could deprive other companies of power, push up local prices and harm the interests of Sami Indigenous reindeer herders. The far-left Red

Party had tabled a motion to kill the plan. Several political parties, including the right-wing Progress and the agrarian Centre Party, supported the Red Party's proposal.

ConocoPhillips looking for new gas for Equatorial Guinea LNG plant

(Energy Intelligence; Feb. 5) - ConocoPhillips is in conversations with Chevron and the Equatorial Guinea government to identify opportunities to backfill its 3.7 million-tonne-per-year LNG export terminal in the African nation. The LNG export plant started operations in 2007. "We've been actively in contact with a number of other operators in and around our LNG facility and upstream assets," ConocoPhillips head of global operations Kirk Johnson said during the company's fourth-quarter earnings call.

He added that discussions have progressed very well — particularly with Chevron — and that the company is also in confidential talks with the government. Johnson's comments come as a unitization agreement was signed on Feb. 4 that paves the way for Chevron to develop an estimated 2.5 trillion cubic feet of gas at its Yolanda field in Block 1 offshore Equatorial Guinea, where it is 38% operator, and its Yoyo Block, just over the border in Cameroon.

"We're encouraged with the cross-border cooperation because that just leads to more opportunity to bring more volumes," ConocoPhillips CEO Ryan Lance said during the call, adding that the company is working on finding solutions for the LNG asset that it inherited from the \$22.5 billion acquisition of Marathon Oil to remain competitive in its portfolio. "How do we make it a 10-, 15-, 20-year asset?" Lance asked. ConocoPhillips has been strengthening and broadening its LNG portfolio in recent years.