

Oil and Gas News Briefs

Compiled by Larry Persily

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China eyes Canada's oil sands crude as option to Venezuela heavy oil

(Bloomberg; Jan. 8) - China's refiners, all but cut off from Venezuelan crude in the past week as the U.S. positions itself for access to the world's largest oil reserves, are eyeing a pricier alternative source — Canada. Chinese inquiries around Canadian supply have increased since the U.S. snatched President Nicolas Maduro, traders said, with buyers considering the country's grades as among the best replacements for Venezuela's Merey crude. The traders did not say which Chinese firms were among the first movers.

China, the top buyer of crude from Venezuela, has benefited from sanctioned cargoes sold at a deep discount in recent years. Private and state-owned refiners have taken cargoes via Chinese equity in oil fields, through oil-for-loans arrangements, as well as with one-off purchases in the spot market, using Chinese yuan and so-called dark fleet tankers in order to sidestep U.S. restrictions. The Trump administration's maneuvers over the past few weeks have brought an end to those flows.

Venezuela's crude is dubbed heavy-sour, a quality that is viscous and high in sulfur — much like Canadian oil sands. The grades yield a lot of oil-products like bitumen when distilled, making them attractive to developing nations such as China. Canada-to-China flows have increased since the expansion of the Trans Mountain Pipeline in 2024, which enabled producers to send more oil to the West Coast for export to Asia. A pivot by China to Canada would be welcomed in the Alberta oil patch as well as Ottawa, where the government has been seeking to increase trade links to countries other than the U.S. since the Trump administration launched a trade war with Canada early last year.

China may not need as much Venezuela oil as in the past

(CNN; Jan. 8) - President Donald Trump wants the U.S. to sell Venezuela's oil. But who would buy it? China has long been one of Venezuela's biggest customers for oil. But its hunger for that oil is waning, as the country pulls off a stunningly fast transition to electric vehicles. That transition means China's oil imports likely won't be seriously disrupted by the recent U.S. military operation in Venezuela and Trump's push for American companies to revitalize the oil infrastructure there, experts told CNN. China will probably be able to procure the oil it needs from Russia or Iran.

There's little doubt on the long-term trajectory of China's oil demand: Analysts say it will trend downward. Many have projected the country has either already reached "peak oil"

or will very soon. China's oil diet matters. As the world's biggest oil importer, what happens there has ripple effects across the global oil market. Energy experts say this trend shows how sharply the U.S. and China are diverging on the energy transition, with China sprinting far ahead on renewables and electric vehicles, while the U.S. doubles down on drilling oil at home and abroad.

Much of this has been driven by the transformation of China's transportation sector from gas-powered to electric. China owns the EV market; of the 18.5 million EVs sold globally last year, over 11 million were sold in China, according to U.K. research firm Rho Motion. "This is just very decisive; it's not going to go back," said Li Shuo, director of the China climate hub at the Asia Society Policy Institute. Compared to the start and stop of electric vehicle policy in the U.S., EVs have become firmly entrenched in China.

Venezuela's heavy oil the right stuff for U.S. refineries

(Wall Street Journal; Jan. 8) - The U.S. pumps more oil than any other country, so why do President Trump and officials including Secretary of State Marco Rubio think U.S. refineries need Venezuelan crude? While the shale boom unleashed a flood of oil, it is often not the right kind of crude for American refiners. Refineries from Puget Sound to the Texas coast were designed decades ago to run the types of heavier and more sour grades of crude that the U.S. imports from countries including Canada, Mexico and Venezuela. Much of the oil that's pumped in the U.S. is lighter, sweeter crude.

About 70% of U.S. refining capacity runs most efficiently with heavier crude, according to the American Fuel & Petrochemical Manufacturers. Those plants are concentrated on the Gulf Coast, where nine of the country's 10 largest refineries are located. In recent years, Venezuela's oil output has plunged and what's left has mostly been redirected to countries such as Cuba and China. As oil to the U.S. declined, refiners turned to Canada, which has ramped up heavy crude output from its oil sands. Canada now ships more oil to U.S. refineries than all other international suppliers combined.

In all, about 40% of the oil that runs through American refineries is imported to get the right mix of crudes to create different products, from gasoline and diesel to jet fuel and asphalt. Excess oil pumped in the U.S. gets shipped overseas since a ban on exporting crude was lifted a decade ago. America has since become one of the world's largest oil exporters, sending tankers of crude to India, China, South Korea and all over Europe.

U.S. oil execs want security guarantees before investing in Venezuela

(Wall Street Journal; Jan. 9) - President Donald Trump pressed executives from nearly two dozen oil companies Jan.9 to plant flags in Venezuela and drill into one of the world's largest oil bounties. But most stopped short of making public pledges to quickly

invest. Executives from Chevron — the only U.S. oil company active there — Exxon Mobil, ConocoPhillips and other companies signaled a willingness to examine prospects in the Latin American country. However, they indicated they need security guarantees and an overhaul of Venezuela's legal and commercial framework to consider diving in.

Trump said the U.S. government would provide the companies with security guarantees, but it was clear he wanted companies to push into the country. At the start of the White House meeting, Trump said he intends U.S. oil companies to spend at least \$100 billion in the country, boosting oil production. "If you don't want to go in, just let me know because I've got 25 people that aren't here today who are willing to take your place," Trump said. The public part of the meeting lasted 85 minutes. At the end, Trump asked the press to leave the room and said he would begin negotiating with the executives.

Exxon CEO Darren Woods said Venezuela is uninvestable without significant changes to its commercial frameworks, legal system and hydrocarbon laws. "We've had our assets seized there twice," he said. "You can imagine to re-enter a third time would require some pretty significant changes from what we've historically seen here and what is currently the state." As long-term issues are being resolved, Woods said Exxon could have a team visit to assess the state of Venezuelan assets within a couple of weeks.

Restoring Venezuela's output to its former glory would likely require tens of billions of dollars, analysts say. Years of negligence, mismanagement, underinvestment and corruption have led to dilapidated fields that would require a comprehensive overhaul.

Trump wants oil companies to invest \$100 billion in Venezuela

(The New York Times; Jan. 9) - President Donald Trump has put a number on how much he wants the biggest U.S. and European oil giants to pour into Venezuela: at least \$100 billion. During a meeting at the White House on Jan. 9, oil executives made it clear that they were not yet prepared to follow through. Exxon Mobil CEO Darren Woods was especially blunt during a televised portion of the meeting. "We've had our assets seized there twice, and so you can imagine to re-enter a third time would require some pretty significant changes," he said. "Today it's uninvestable."

Exxon and ConocoPhillips have been pursuing substantial claims against Venezuela's government for assets seized in a nationalization wave two decades ago. Recouping that money seemed to be of little interest to Trump, who said, "We're not going to look at what people lost in the past, because that was their fault." He suggested the \$12 billion in claims that ConocoPhillips has been pursuing might make a good write-off, a term for when companies recognize losses in a way that lowers their taxable income. "It's already been written off," Ryan Lance, the company's CEO, said in response to Trump.

But even Harold Hamm, an Oklahoma oil tycoon and one of Trump's closest oil-industry allies, stopped short of committing to work in the country. "It excites me as an

explorationist. Everybody has that in their blood,” Hamm said at the White House. But, he added, Venezuela has “got its challenges.”

Companies compete for U.S. government deals on Venezuela oil

(Reuters; Jan. 8) – Chevron, global trading houses Vitol and Trafigura and other firms are competing for U.S. government deals to export crude oil from Venezuela, according to sources familiar with the matter. The competition reflects a desire by many in the oil industry to access the South American country's crude stocks and production, with U.S. officials seeking to control Venezuelan oil sales indefinitely.

U.S. President Donald Trump has demanded that Venezuela give the United States full access to its oil sector just days after the U.S. captured the South American country's President Nicolas Maduro on Jan. 3. U.S. officials have said Washington will control the country's oil sales and revenues indefinitely. Both Vitol and Trafigura were set to join Chevron and other major oil companies in meetings at the White House on Jan. 9 over the roles they may have in Venezuela's oil industry.

Ahead of the meetings, the companies have been lobbying the U.S. government hard to secure a share of what are expected to be lucrative oil export agreements from Venezuela. The companies are contesting initial deals to market the up to 50 million barrels of oil that state-run oil company PDVSA has accumulated in inventories amid an oil embargo, sources said. PDVSA said negotiations were progressing but provided no details. Its main joint-venture partner, Chevron, is well placed to negotiate an expansion of its U.S. license to operate in Venezuela as the only major still in the country.

Oil-state Republicans question more Venezuela crude coming to U.S.

(POLITICO; Jan. 8) - President Donald Trump and congressional Republicans spent the past year touting the importance of U.S. energy independence and drilling domestically. But now the Trump administration is setting their sights on Venezuela's oil — forcing Republicans to either back foreign production or split with the White House. In the days since the administration arrested Venezuela's president, GOP lawmakers have by and large backed the operation, including Trump's plans to control Venezuela's oil exports and encourage U.S. oil companies to renew their presence in the country.

But some Republicans have begun sounding the alarm about what an influx of foreign oil could mean for American oil producers. “I've certainly heard from our small producers in North Dakota that they are worried,” Rep. Julie Fedorchak (R-N.D.) said Jan. 7. “It's important to our state. ... We definitely like to see ... a higher price per barrel. And importing more doesn't get us there.” North Dakota is a center of production for light oil, which is refined through separate processes than the heavier crude from Latin America.

North Dakota Republican Sen. Kevin Cramer has spent the past days arguing that refineries should keep a focus on lighter American oil, rather than gearing up for more Venezuela oil. “Venezuela’s gain should not come from the American producer,” Cramer said on social media. Bringing all Venezuelan oil exports to be refined in the U.S. would be a big change, said Luisa Palacios, a researcher at Columbia’s Center on Global Energy Policy. It would likely shift markets, cut prices and force refiners to choose between Venezuela crude and other oil, such as Canada’s crude or U.S. light oil.

Trump’s move on Venezuela presents challenge for OPEC

(Wall Street Journal; Jan. 10) - OPEC members struggling to preserve their market share amid a sinking price for oil now have an unexpected new variable to contend with: President Donald Trump’s move to dominate Venezuela’s oil supply and push the market in a direction that would benefit American consumers. Trump, who has long championed increased oil production and a target price of \$50 a barrel, is planning a sweeping initiative to rehabilitate Venezuela’s oil fields and market its output.

That would reshape the global oil map — putting the U.S. in charge of the output of one of the founding members of the Organization of the Petroleum Exporting Countries and, along with America’s own prodigious production, give it a potentially disruptive role in a market already struggling with oversupply. While analysts expect that reviving Venezuela’s dilapidated oil industry will take huge investments and a lot of time, they say even a small near-term output increase — followed by a larger rise over the longer run — could exacerbate the global imbalance and push prices further down.

OPEC members now face the difficult question of whether to try to prop up prices by cutting supply at the risk of hurting their own revenue and market share — and potentially their relationships with the unpredictable U.S. president. “The onus is on everyone to manage their own interests but at the same time not poke the bear,” said David Oxley, chief climate and commodities economist at Capital Economics. “That’s an inherent tension weighing on the global market.”

Venezuela’s claimed oil reserves probably are inflated

(Reuters commentary; Jan. 7) - As the saying goes, there are lies, damn lies, and statistics. Add to that list Venezuela’s proven oil reserves. The country’s purported 300 billion barrels represent almost one-fifth of the worldwide total. Yet this self-reported figure is probably inflated, and moreover meaningless. Ever since the U.S. abducted Venezuelan leader Nicolas Maduro on Jan. 3, President Donald Trump has been forthright in his vision of a U.S.-led revival of Venezuela’s oil production.

The country sits on vast sums of crude, largely thanks to the Orinoco Oil Belt, estimated to account for more than 1 trillion barrels. What's debatable is how much will be recovered. Proven reserves are defined as those with an estimated 90% probability of recovery, based on identified crude and whether existing technology can extract it while remaining commercially viable. It's those latter two criteria that are most debatable. Venezuelan estimates used by OPEC are self-reported, like many other nations. There are reasons to suspect they are overly generous.

Orinoco oil is full of impurities like sulfur and nickel, making it expensive to produce, difficult to refine and filthy. Price is therefore crucial to its viability. Oil now trades at around \$60 a barrel for the Brent benchmark. Breakeven for new production already average over \$80 for Orinoco, according to consultancy Wood Mackenzie. So estimated reserves may remain theoretical unless prices spike. A more realistic estimate, even assuming ideal conditions, is perhaps 60 billion barrels, Rystad Energy reckons.

Oil-rich Guyana benefits from forced change in Venezuela

(Bloomberg; Jan. 10) -Guyana, home to the world's biggest oil discovery in decades, appears to be an early beneficiary of President Donald Trump's ouster of Venezuelan strongman Nicolas Maduro. That virtually neutralized the longstanding threat the Venezuelan government posed to Guyanese sovereignty. Tensions between the South American neighbors date back to the 19th century. ExxonMobil's massive oil discoveries off Guyana's coast a decade spurred Maduro to reignite a century-old border dispute.

Although his threats to annex two-thirds of Guyanese territory failed to impede Exxon's operations, they heightened the physical and financial risks for companies considering oil exploration in the area. For now, at least, Maduro's capture puts an end to the South American nation's territorial claims over its neighbor, according to analysts including Dan Pickering, chief investment officer at Houston investment bank Pickering Energy.

Venezuela and Guyana are a study in contrasts. The former was once an oil-exporting heavyweight with a thriving economy to match, before its energy sector was brought low during two decades-plus of mismanagement and corruption. Meanwhile, within the space of several years, Guyana — a much smaller nation, initially far poorer but also more politically stable — developed the world's fastest-growing economy as Exxon and other international operators flocked to its offshore oil reserves.

Goldman Sachs expects oil prices to hang in the \$50s in 2026-2027

(Reuters; Jan. 11) - Oil prices are likely to drift lower this year as a wave of supply creates a market surplus, although geopolitical risks tied to Russia, Venezuela and Iran

will continue to drive volatility, Goldman Sachs said in a note on Jan. 12. The investment bank maintained its 2026 average price forecasts of \$56 per barrel for Brent and \$52 for West Texas Intermediate, and expects Brent/WTI prices to bottom at \$54/\$50 in the last quarter as global inventories build up.

"Rising global oil stocks and our forecast of a 2.3 million-barrel-per-day surplus in 2026 suggest that rebalancing the market likely requires lower oil prices in 2026 to slow down non-OPEC supply growth and support solid demand growth, barring large supply disruptions or OPEC production cuts," Goldman Sachs said. Last year, the benchmarks posted their worst annual performance since 2020, with an almost 20% decline.

U.S. policymakers' focus on strong energy supply and relatively low oil prices will keep sustained oil price upside in check ahead of the midterms, analysts at the bank noted. Prices are expected to gradually start recovering in 2027, with the market returning to a deficit as non-OPEC supply slows down and solid demand growth continues, the analysts said. The investment bank expects Brent/WTI to average \$58/54 in 2027, \$5 lower than its prior estimate. Goldman said it expects a substantial price recovery later this decade as demand grows through 2040 after years of low long-cycle investment.

[Norway's offshore oil and gas investment will decline this year](#)

(Reuters; Jan. 8) - Norway's offshore oil and gas output will remain broadly steady in 2026, but investments are seen falling by 6.6%, signaling a slowdown in activity and declining production toward the end of this decade, the country's regulator said on Jan. 8. High investment in recent years was underpinned by large developments that are gradually coming to an end, while new projects are mostly smaller in size, the Norwegian Offshore Directorate (NOD) said.

"The (output) plateau is expected to last until 2027, and then the production will taper off," Torgeir Stordal, the head of the NOD, told Reuters. This year, Norway's total oil and gas output is expected to hold steady near 4.1 million barrels of oil equivalent per day, declining to just under 3.5 million in 2030, the regulator's updated forecasts showed. Spending, including exploration, is projected at 256 billion Norwegian crowns (\$25.5 billion) in 2026, down from 275 billion last year on a comparable inflation-adjusted basis, and is seen falling to 209 billion in 2030, 24% below last year's levels.

The shrink is already hitting suppliers, some of which have started downsizing. "There will be fewer standalone developments, and much more subsea developments. It will impact the supply industry," Stordal said, highlighting a shift toward smaller subsea tie-backs rather than large greenfield projects. He said gas output should stay high for three to four years, sustaining Norway's role as Europe's top supplier. Production of oil, including condensate and natural gas liquids, is seen easing slightly to 2 million barrels per day this year from 2.04 million last year, which marked the highest level since 2009.

New major projects office could assist Canadian LNG ventures

(Vancouver Sun; Jan. 7) - Two liquefied natural gas developments on British Columbia's North Coast already had a lot going for them before they were referred for consideration under Prime Minister Mark Carney's major projects office, which aims to accelerate "nation-building" projects. LNG Canada Phase 2, which would double production at its Kitimat facility, and Nisga'a Nation's Ksi Lisims LNG, a proposal to build a floating LNG export facility 60 miles north of Prince Rupert, already have environmental approvals.

Both also have solid partners, potential investors and signed commercial agreements with prospective customers. To break ground, they just need their partners to pull the trigger on final investment decisions. Which poses the question: If these projects end up designated as being of "national significance" by the major projects office, how will they actually benefit? "Really, it does two things," said Rebecca Scott, a spokesperson for Western LNG, a partner in the Nisga'a Nation-led Ksi Lisims LNG, which received its environmental certificate from B.C.'s Environmental Assessment Office in September.

"One, we still require a lot of permits and the major projects office, we think, would be helpful in this aspect," Scott said. The second hoped-for advantage, she said, is that a streamlined regulatory process will add a layer of certainty for banks and lenders on the financing side. Headed by former energy-sector executive Dawn Farrell, the new office is intended to be "a single point of contact and leadership on major projects" that are deemed to be in the national interest for their ability to diversify Canada's trade.

UAE plans \$150 billion build-out of natural gas sector

(Oilprice.com; Jan. 7) - There is a lot more to the UAE's recently announced US\$150 billion turbo-boost to its gas sector than meets the eye. It is true that it should deliver multiple economic benefits for the Middle East country on a scale disproportionately larger than its small geographical size. One is gas self-sufficiency by 2030; another is increased feedstock for high-value petrochemicals production; and a third is powering a dramatic expansion in its artificial intelligence capabilities from data centers.

Such a major build-out of its gas sector will push the UAE rapidly up the ranks of global liquefied natural gas suppliers — and with that comes a list of geopolitical ramifications. So, what exactly does the gas expansion look like, and what precisely is the UAE planning? The bare bones of the plan are straightforward enough, but nonetheless impressive for that. The UAE will spend around US\$30 billion a year for the next five years through its key state energy firm, the Abu Dhabi National Oil Co. (ADNOC).

Industry analysis suggests this will raise its gas output from around 6 billion cubic feet per day to about 9 bcf a day. Over the same period, ADNOC forecasts that UAE gas consumption will rise by 25% at most, leaving a net surplus of about 1.5 bcf a day. The UAE's conventional gas reserves are pegged at 297 trillion cubic feet, the seventh-

largest in the world. A primary focus of the UAE's soon-to-be gas surplus will be LNG, according to statements from participating firms in the expansive projects.

Villagers in China face rising heating costs after subsidies are cut

(Bloomberg; Jan. 8) - Villagers near China's capital are facing a bitter winter, with many unable to afford gas heating after the phaseout of local subsidies intended to relieve the cost of Beijing's campaign for cleaner air. About two hours' drive from Beijing, families in Hebei province are bundling up under quilts rather than using gas heaters, fearing they will not be able to pay the bills, Xinhua reported this week. A villager in Xingtai, in Hebei, told news outlet Yicai that using gas heaters could push his bill for this winter to at least 8,000 yuan (US\$1,470), roughly one third of a farmer's annual income in the region.

The issue is not a lack of gas — supplies are relatively plentiful across the country. The situation instead appears to be the result of a complex series of factors including price regulations, global energy shocks and strained local finances, all stemming from a push last decade to help clean some of the world's most notoriously smoggy skies. In 2017, China's government ordered millions of rural homes in Beijing and surrounding areas to dismantle small coal furnaces and switch to cleaner heating sources, usually gas.

Gas is more expensive than coal, and local governments initially offered hefty subsidies to help cover the bills. Those subsidies were scheduled to shrink over time, shifting the burden from local governments to homeowners. The reduction in subsidies coincided with a global energy shock in 2022, when Russia's war on Ukraine led to soaring gas prices and gas suppliers lost money. That forced Beijing to relax price controls, allowing suppliers to pass part of the higher costs to residential customers. The upshot is that in some areas in the province, gas costs rose as subsidies fell by 80%.