

Oil and Gas News Briefs

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January 15, 2026

There will be winners and losers from reviving Venezuela's oil output

(The New York Times; Jan. 13) - President Donald Trump's ambitious plans for transforming Venezuela's oil production will most likely take years to revive the country's troubled industry — if they succeed at all. But it's already clear that winners and losers will emerge from the changes. Among the likely winners are the oil producers already positioned in Venezuela, like Chevron, and the American refiners in the Gulf Coast that stand ready to process the kind of heavy crude produced from Venezuela's fields.

Washington's control of Venezuela's resources could "mark a notable shift in global energy dynamics," analysts at J.P. Morgan wrote in a note to clients. The U.S. could potentially "exert more control over oil market trends, helping to stabilize prices and keep them within historically lower ranges." American consumers would benefit if the Venezuelan production translates into cheaper gasoline for American drivers. But there will also likely be losers among countries and companies that have grown close to Venezuela in the recent years or profited from its standoff with Washington.

For example, Trump has said he wants to cut off Venezuela's oil flows to Cuba, long a mainstay for the Havana government. China, the largest destination for Venezuelan crude, may see flows of heavily discounted Venezuelan oil reduced or halted, particularly for the small, independent businesses in China known as teapot refineries that are the main customers. And more broadly, if prices fall too low as a result of increased Venezuelan supplies, the global oil industry, including the shale drillers in the United States that Trump has courted, could be slammed.

Cheap oil hits businesses in Permian Basin community

(Wall Street Journal; Jan. 12) - For most Americans, cheap oil is good news. In Midland, Texas, it is a problem. Oil prices have mostly slumped since last spring, and the U.S. intervention in oil-rich Venezuela is stoking President Trump's desire to push prices down further. This raises a new risk for Midland, where restaurants are already less crowded, barbers are idling around waiting for customers and a host of businesses linked to the oil field are feeling squeezed. On the local Facebook Marketplace, shiny Ford F-150 pickup trucks are listed for sale at bargain prices.

Here in the heart of the Permian Basin, America's fracking capital, economic fortunes rise and fall with energy prices. A big electronic billboard in downtown Midland shows current market rates for oil and gas and the local oil-rig count, along with motivational

slogans like “broken crayons still color.” Lately the numbers haven’t been good. Oil recently traded below \$60 a barrel, a price where many operators can just barely continue to pump profitably, but starting new wells usually makes little financial sense.

Trump believes his plan to exert more control over Venezuela’s oil industry could drive down oil prices to \$50 a barrel, The Wall Street Journal earlier reported, citing people familiar with the matter. Meantime, tariffs have pushed up the cost of materials like chemicals and steel tubes, Midland oil executives say. As new wells get delayed, workers at oil-services firms are laid off or their hours cut. The number of operating rigs in the Permian Basin is down 14% over the past year, according to analytics company Enverus. Cash-strapped workers spend less at businesses, hurting the local economy.

[U.S refiners stand to profit from more Venezuelan crude](#)

(The New York Times; Jan. 14) - Some of the biggest early winners in the Trump administration’s efforts to assert more control over Venezuela’s energy industry are not the companies that produce oil but the ones that transform it into gasoline, diesel and other products. U.S. refining companies like Valero Energy and Marathon Petroleum are poised to profit if more Venezuelan oil starts flowing to the U.S. That is because these companies outfitted their facilities decades ago with that country’s oil in mind.

Not all oil is the same. Venezuela’s main type of crude is especially hard to handle — viscous and tar-like — and for that reason it generally is cheaper than the varieties found under American soil. That makes it appealing for refineries, like those in the U.S. Gulf Coast region, that have equipment to process it. And unlike oil producers such as Exxon Mobil or ConocoPhillips, which have to weigh whether the risks of operating in Venezuela are worth it, these refiners have little to lose because they don’t have to make long-term commitments or send any employees to the country.

Investors have taken notice. Shares in PBF Energy, a midsize refining company, have climbed 15% since U.S. forces captured Nicolás Maduro, Venezuela’s president, outpacing the broader market by a wide margin. Valero and Marathon, which are much larger, have seen their stock prices rise by about 10% and 6%. “Having more Venezuelan crude available is nothing but upside for U.S. refineries,” said Rick Weyen, a retired executive who used to coordinate the shipment of oil to a Texas refinery.

[Big Oil needs to see more changes before going into Venezuela](#)

(Reuters commentary; Jan. 12) - Big Oil companies have injected a heavy dose of realism into U.S. President Donald Trump’s plan to rapidly invest billions in Venezuela, pointing to complex security, commercial and legal requirements to revitalize the country’s crumbling oil industry. All this reality would require significant steps, beginning

with establishing a government that can guarantee security on the ground and provide economic stability and fiscal confidence. All that could take months, if not years.

"Oil field service providers could be reluctant to commit resources in Venezuela because they're still owed massive amount of money. Venezuela should commit to pay oil field service providers that debt as a way to have them back," said Carlos Bellorin, an analyst at consultancy Welligence. In addition, questions remain over the quality of Venezuela's oil. Though the country boasts massive reserves, most of it is classified as heavy oil, which is typically more expensive to extract than other grades. What's more, many of the reserves are held by joint ventures with Chinese and Russian firms.

To attract major investments from international companies that have a fiduciary duty to shareholders, substantial financial and legal changes are needed. Verbal commitments from Trump will very likely not be enough to get companies to divert billions of dollars to Venezuela. The industry would need long-term certainty. "We take a very long-term perspective," Exxon Mobil CEO Darren Woods said. "The investments we make span decades and decades. We do not go into any opportunity with a short-term mindset."

TotalEnergies CEO says restoring Venezuela oil output will take years

(Bloomberg; Jan. 13) - Reviving Venezuela's oil industry will take years and cost billions of dollars, limiting the impact on global markets in 2026, according to TotalEnergies boss Patrick Pouyanne. President Donald Trump is exhorting American oil firms to return to Venezuela and ramp up production after deposing President Nicolas Maduro. Still, producers have raised concerns about jumping back into Venezuela, with Pouyanne's counterpart at ExxonMobil saying the country is currently "uninvestable."

The comment by Exxon Mobil CEO Darren Woods invited Trump's wrath, even as other oil executives echoed his caution. TotalEnergies CEO Pouyanne said it would take years to increase Venezuela's oil output to above 3 million barrels a day from less than 1 million currently. "I know that people want to rush there but I can understand that it will require a clear framework to be able to invest there and it will take time," Pouyanne said at a conference in Abu Dhabi. "Maybe you could easily add 100,000 to 200,000 barrels a day, but if you think about 1 million barrels of oil a day, it will require \$100 billion."

Pouyanne doubted whether Venezuela would be significant for the oil market this year. "I'm not convinced it will have a direct impact on the market in '26," Pouyanne said. "The truth is, it's not high on my agenda." TotalEnergies and Exxon are among Western firms that had to leave the country after the Venezuelan administration of Hugo Chavez took over their assets and operations.

More pressure on sanctioned oil could drive prices higher

(Wall Street Journal; Jan. 12) - For now, the official oil price is calm. But the U.S. attack on Venezuela is creating pressure on the shadowy market for sanctioned crude and its biggest customer: China. The international benchmark Brent is trading at around \$63 a barrel, and some additional supply from Venezuela has been priced into oil futures, but it'll take time for this to be felt in the physical market. Even if there is a smooth political transition, it will take at least a couple of years to fix Venezuela's oil infrastructure.

Meanwhile, the blockade around Venezuela and America's seizure of oil tankers is a warning to the market for "dark" barrels. The volume of oil under sanctions stands at a record 15% of the world's supply, based on Kpler data. A shadow fleet of tankers that carries sanctioned oil has ballooned to a fifth of global deadweight tonnage, data from maritime journal Lloyd's List shows. Western powers are ramping up pressure on these tankers, as low oil prices and plentiful supply give U.S. and European leaders a rare window to do something about illicit trading without triggering a bout of energy inflation.

It's a problem for China. Along with India, it has been the biggest beneficiary of heavily discounted oil that Western sanctions have created. China saved nearly \$9 a barrel on Venezuelan oil delivered in November, compared with what it would have paid for an equivalent Canadian heavy crude, according to commodity-data provider Argus Media. Oil prices are not reflecting geopolitical risk because there is so much spare supply. But pressure is building in the sanctioned market. The black market is now so large, at 6 million barrels a day, that more disruptions could quickly send the official oil price higher.

Global oil trading houses win first deals to export Venezuelan crude

(Reuters; Jan. 12) - Global oil trading houses have emerged as early winners in the race to control Venezuelan crude flows, getting ahead of U.S. energy majors wary of credit and legal risks and securing a potentially lucrative business opportunity in the country with the world's largest crude reserves. Trump met top oil executives at the White House on Jan. 9 as his administration outlines a long-term plan to raise \$100 billion to boost Venezuela's oil output.

The first companies to secure any business in the wake of the U.S. military action in Caracas, however, were Dutch-based trader Vitol and its Singapore-headquartered peer Trafigura, rather than U.S. majors. The U.S. government tapped the giant merchant houses because they were better suited to quickly get Venezuelan oil exports flowing again, four industry sources familiar with the negotiations said. That is the first order of business for Washington before reconstruction can begin, so that revenue from exports under U.S. supervision can fund the government in Caracas.

The initial sales are critical to ensure funds can flow back into Venezuela for everyday services and maintain a flow of production and refining of Venezuelan crude, a White

House official said. Trafigura and Vitol secured preliminary special licenses to negotiate and export Venezuelan crude, and Trafigura is set to load its first cargo this week, CEO Richard Holtum said at the meeting with Trump. The traders also won the Venezuelan deals because they have a higher risk tolerance and are more nimble than major publicly traded oil companies, said three participants at the White House meetings.

Indian refineries could profit from taking more Venezuelan crude

(Financial Times; London; Jan. 10) - At India's flagship energy conference last year, Venezuela's Vice President Delcy Rodríguez appealed to New Delhi to resume purchases of her country's oil, warning that "those who tried to exclude Venezuela from the international energy formula were wrong." A year on, Rodríguez is now Venezuela's interim president and India is well positioned to become a beneficiary of U.S. President Donald Trump's recent actions against her predecessor, Nicolás Maduro, analysts said.

Washington's intervention to depose Maduro and take control of Venezuela's energy resources has opened the door for Indian refiners to regain access to the world's largest crude reserves, which they had largely stopped buying because of U.S. sanctions. A resumption of flows would come at an opportune moment for India's oil industry, which is working to find alternatives to sanctioned Russian crude under pressure from the U.S.

"In principle, India has much to gain," said Michael Kugelman, senior fellow for South Asia at the Atlantic Council. "Private Indian energy giants could make a killing from refining more Venezuelan heavy crude, and India could achieve its goal of better diversifying its sources of foreign oil — and especially if it continues to scale back Russian oil." Venezuela's heavy crude sells at a lower cost than the international Brent benchmark due to its lower quality, making it especially appealing to some Indian refiners as they seek to diversify supply and replace discounted Russian oil.

Russia says it will continue working its Venezuela oil assets

(Reuters; Jan. 13) - Oil assets that Russia develops in Venezuela belong to Russia, which will continue working there, Moscow said on Jan. 13, after U.S. President Donald Trump's claims of control over the South American country. Russia's Roszarubezhneft said all the company's assets in Venezuela were the property of Russia and it would stick to its commitments to international partners there, TASS news agency reported.

Roszarubezhneft, owned by a unit of the Russian Ministry of Economic Development, was incorporated in 2020 and soon afterward acquired the Venezuelan holdings of Russian state-run oil company Rosneft after Washington imposed sanctions on two Rosneft units for trading Venezuelan oil. All Roszarubezhneft assets in Venezuela "are

the property of the Russian state," in compliance with Venezuela law, international law and agreements between the two countries, it said in a statement, according to TASS.

Russia has long maintained close ties with Venezuela, spanning energy cooperation, military links and high-level political contacts, and Moscow has backed Caracas diplomatically for years. In November, Venezuela's National Assembly approved a 15-year extension of the joint ventures between state company PDVSA and a unit of Roszarubezhneft that operate two oil fields in the country's western region.

Venezuela state oil company begins to reverse production cuts

(Reuters; Jan. 13) - Venezuela's state energy company PDVSA has begun reversing oil production cuts made under a strict U.S. oil embargo as crude exports resume under U.S. supervision, three sources close to operations said on Jan. 13. The OPEC member's oil exports fell close to zero in the weeks after the United States imposed a blockade on oil shipments in December, with only Chevron exporting crude from its joint ventures with PDVSA under U.S. license.

The embargo left millions of barrels stuck in onshore tanks and vessels. As storage filled, PDVSA was forced to shut wells and order oil production cuts at joint ventures in the country. The state company is now instructing the joint ventures to resume output from well clusters that were shut as a third oil tanker set sail from Venezuela's coast on Jan. 13. The mood at many of PDVSA's offices and operational sites has rapidly changed since the company said it was progressing in negotiations with the U.S. that are expected to bring much-needed investment into oil fields and facilities, sources said.

Some company executives are rushing to arrange meetings with foreign oil executives about production, exports, power supply and business opportunities, while others are engaged in an internal audit ordered by the company's board following a cyberattack last month that knocked down PDVSA's central system. Venezuela's overall oil output fell to some 880,000 barrels per day last week, from 1.16 million in late November, according to figures from consultancies that independently track Venezuelan oil output.

Largest U.S. power grid operator at edge of supply crisis

(Wall Street Journal; Jan. 12) - America's AI boom is pushing the nation's largest power-grid operator to the brink of a supply crisis. Sixty-seven million people in a 13-state region stretching from New Jersey to Kentucky get their power from a market operated by nonprofit PJM. So, too, do the many AI data centers springing up in Northern Virginia's "Data Center Alley," which have a bottomless appetite for electricity.

Older power plants are going out of service faster than new ones can be built. Rates are going up for consumers. And the grid's capacity is in danger of maxing out during periods of high demand, which could force PJM to call for rolling blackouts during heat waves or deep freezes. Mark Christie, former chair of the Federal Energy Regulatory Commission, said that a few years ago he considered the PJM blackout threat to be on the horizon. "Now I'm saying that the reliability risk is across the street," he said.

PJM expects power demand to grow by 4.8% a year, on average, for the next decade — an astonishing pace for a system that hasn't had substantial growth in years. Consumers are furious about rate increases. Tech firms, including Amazon, Alphabet and Microsoft, have fought against proposed rules that would require data centers to build their own power sources or go dark during demand surges. Potential solutions to PJM's problems are complex, controversial and nearly impossible to implement quickly.

PJM serves as the intermediary between power producers and the utilities that own the poles and wires and deliver electricity to consumers. Its mission is to balance supply and demand by telling power plants when to ramp production up or down. PJM's energy dispatchers essentially function as air-traffic controllers, rerouting power as needed. Any imbalance between supply and demand can damage power plants and equipment.

Saudi Aramco signs contract for LNG from Louisiana project

(Reuters; Jan. 15) - Saudi Aramco and Commonwealth LNG have signed a long-term contract for the U.S. LNG developer to supply the world's largest oil exporter with 1 million tonnes per year of LNG, three people familiar with the deal told Reuters. The deal includes an option for Saudi Aramco to double the volume to 2 million tonnes. Aramco wants to become a major liquefied natural gas player, especially in the U.S., where LNG production capacity is set to almost double over the next four years.

Commonwealth LNG is looking to build the country's first integrated LNG export facility in Cameron, Louisiana, with its major shareholder Kimmeridge selling gas from its own Eagle Ford shale production to the plant. The deal will bring the developer closer to the 8 million tonnes it wants to sell out from the proposed facility's total capacity of 9.5 million tonnes ahead of committing to construction. The firm is targeting the end of the first quarter to make a positive final investment decision on the project.

Saudi Aramco has already signed deals with other U.S. players including NextDecade's Rio Grande LNG project in Texas. Saudi Aramco is targeting 20 million tonnes per year of LNG capacity to eventually sell into the global market, with 4.5 million tonnes currently in progress, Aramco CEO Amin Nasser said in a call with analysts last August.

Private-equity firm may invest in Louisiana LNG venture

(Bloomberg; Jan. 14) – Private-equity firm Carlyle Group is considering investing in Commonwealth LNG, owned by Ben Dell’s Kimmeridge Energy Management, according to people familiar with the matter. The potential backing would come in the form of an equity stake, said the people, who asked not to be named because the information is private. If finalized, Carlyle’s backing would be a shot in the arm for Commonwealth LNG, a proposed \$11 billion liquefied natural gas export project in Louisiana.

Carlyle Group declined to comment. Commonwealth LNG, through a Kimmeridge spokesperson, also declined to comment. Commonwealth LNG is targeting the first quarter of 2026 for a final decision on whether to fully invest in the project, the company said in December. The gas export terminal is planned for 9.5 million tonnes per year production capacity. This comes as the U.S., already the world’s largest LNG exporter, looks to double its capacity over the next decade to meet demand in Asia and Europe.

Kimmeridge co-founder Dell said in October that the firm was raising equity for the venture. The developer is working to finalize LNG offtake agreements to backstop financing. While long-term prospects for LNG demand remain robust, there’s the potential for flooding the market in the shorter term. Commonwealth is one of the projects looking to launch before a wave of supply could potentially overtake demand. U.S. projects already under construction, along with planned expansions in Qatar, will add to global production, with BloombergNEF forecasting a glut to emerge by 2027.

Ohio commission votes to allow drilling in state wildlife areas

(Cleveland.com; Jan. 12) - Two more Ohio state wildlife areas are moving closer to being leased for oil and gas development. On Jan. 12, the Ohio Oil and Gas Land Management Commission voted to allow energy companies to bid on drilling rights underneath Egypt Valley Wildlife Area and Jockey Hollow Wildlife Area. The bidding process is expected to open this spring. Both wildlife areas are in southeastern Ohio, near the West Virginia border.

At Egypt Valley, the state plans to offer about 4,700 acres for bids. Jockey Hollow would add another 1,800 acres, split between two areas. Those bids are possible because of a law passed in December 2023 that redefined how oil and gas drilling on public lands was approved. The law, which also classified natural gas as a form of green energy, changed the phrase “may approve” to “shall approve” in state law. That required state agencies to approve drilling leases as long as companies meet the required conditions.

Several Ohioans spoke against opening both wildlife areas during public testimony, and dozens more submitted written comments to the commission. Since the public lands leasing law took effect, Ohio has leased 6,600 acres in Salt Fork State Park. The deal brought in \$58 million upfront from Infinity Natural Resources and 20% of future

production revenue. State law also sets rules for how that money is used. Thirty percent of the upfront payment — roughly \$17.5 million in the Salt Fork case — must go to park improvements. The rest goes into a fund that supports Ohio's parks.

Norway awards 57 licenses for offshore oil and gas exploration

(Reuters; Jan. 13) - Norway's energy minister on Jan. 13 awarded stakes in 57 offshore oil and gas exploration licenses to 19 companies in an annual licensing round, and said the country would further expand the acreage drilled over the coming year. The allocation for mature areas rose from 53 licenses awarded one year ago, while the number of oil and gas firms receiving the permits fell from 20, Energy Minister Terje Aasland told an energy conference.

Equinor received the biggest award with 17 operatorships, followed by Aker BP with 12 and Vaar Energi, a unit of Italy's, Eni receiving six. The annual predefined area rounds of new offshore exploration acreage are central to Norway's strategy of extending oil and gas production for decades to come, though activity is set to decrease in the coming years. "Norway is Europe's most important energy supplier, but in a few years production will begin to decline. Therefore, we need new projects that can slow the decline and deliver as much production as possible," Aasland said.

Other companies receiving operatorships included DNO, ConocoPhillips, Inpex, Okea, OMV and Wellesley Petroleum. The policy is fiercely opposed by the Green Party and environmental groups which protested outside of the conference. The government will immediately begin work on next year's area allocations, expanding the acreage eligible for awards by another 70 blocks, including 38 in the Barents Sea, the ministry said.