

# Oil and Gas News Briefs

## Compiled by Larry Persily

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#### **U.S. shale oil pioneer says he will shut down drilling due to low prices**

(Bloomberg; Jan. 16) - Harold Hamm, the billionaire wildcatter who helped kick off the U.S. shale oil revolution, said he's about to shut down his company's drilling in North Dakota's Bakken for the first time in decades because of low crude prices. "This will be the first time in over 30 years that Harold Hamm has not had an operation with drilling rigs in North Dakota," Hamm, the founder of Continental Resources, said in a telephone interview Jan. 15. "There's no need to drill it when margins are basically gone."

It's a significant milestone for the Bakken. The North Dakota shale patch is where Hamm, 80, first proved that fracking and horizontal drilling could be successfully applied to previously untouchable oil reserves. The fracking revolution ushered in a new growth era and the U.S. went on to become the world's top oil producer. Operators in the U.S. shale patch, once the world's leader in production growth, are now watching commodity prices as they hover near the level that makes drilling profitable for producers.

If prices drop into the low \$50-per-barrel range for several months, companies are expected to make more drastic cuts to drilling and fracking. While each shale basin has different cost levels, the Bakken in particular is seen as a bellwether. The average well in the Bakken requires a minimum of \$58 to cover costs and generate a small profit, according to a BloombergNEF report. Meanwhile global oil prices have steadily declined in the past several months on expectations of a glut. West Texas Intermediate, the U.S. benchmark, has fallen 26% over the past year, trading around \$60 a barrel on Jan. 16.

#### **Any disruption to Iran's oil exports could drive up prices**

(BloombergNEF commentary; Jan. 16) - The protests in Iran have heightened the risks of political instability and potential U.S. military intervention. Any disruption to Iranian crude production or exports — whether from conflict or trade restrictions — could push oil prices up. BloombergNEF estimates Brent crude to average \$55 per barrel in 2026, assuming the situation in Iran does not disturb oil markets. However, If Iran's oil exports were completely removed from the market starting in February, an extreme scenario we currently view as unlikely, Brent could rise to an average of \$71 in the second quarter.

If the disruption persisted through the rest of 2026, Brent could average \$91 in the fourth quarter. Iran is the fifth largest crude oil producer in OPEC+, pumping roughly 3.3 million barrels per day. Brent crude has exceeded \$66 since the protests began, trading

at its highest levels since October 2025. BNEF sees only a modest war premium built into crude oil prices now, at around \$4 a barrel.

Since the protests in Iran began last month, price signals from the crude oil options market have indicated upside risks to prices. If the situation in Iran escalates, additional conflict or trade policies may result in disruptions to the country's crude supplies leading to price upsidess reminiscent of past war-related premiums. Only a modest war premium is built into crude oil prices currently. If the Iran situation deteriorates and risk of oil flow interruption increases, it would start to rise.

### **Forecasting firm predicts 50% gain in Venezuela oil output by 2035**

(Bloomberg; Jan. 14) - Venezuela's return to growth in the global oil market following the U.S. capture of long-time leader Nicolas Maduro is forecast to boost Venezuela's crude output by roughly 50% over the coming decade, according to industry consultant Enverus. Production is expected to reach about 1.5 million barrels a day by 2035. The outlook by Enverus, one of the oil industry's top forecasting firms, is among the first to analyze a post-Maduro oil landscape for the Caribbean nation.

Enverus expects the added barrels won't greatly affect pricing for Brent, the global benchmark, amid a glut forecast for this year that's expected to give way to supply shortfalls later this decade. President Donald Trump has called for U.S. oil companies to spend at least \$100 billion to revive the energy industry in Venezuela, but some executives worry conditions won't permit a speedy return. Enverus sees the potential for increased output, and if political and investment conditions improve, Enverus envisions a high-case scenario of 3 million barrels a day total output from Venezuela by 2035.

Venezuela's output has fluctuated at levels most recently around nearly 1 million barrels per day, well below the 1970s peak of close to 4 million. A resurgence would require companies to rebuild or replace abandoned rigs, leaky pipelines and fire-ravaged equipment. Oil executives also want legal frameworks and guarantees for their investments and security of their employees.

### **Some players are positioned to profit from U.S. actions in Venezuela**

(The Washington Post; Jan. 16) - Things have not gone exactly the way President Donald Trump suggested they would following the ouster of Venezuelan strongman Nicolás Maduro. The big oil companies that Trump promised would make a windfall in Venezuela are chafing at the massive costs and risks of overhauling its infrastructure. So much so that Trump lashed out at ExxonMobil following its CEO's comment at a White House meeting that Venezuela is "uninvestable." The president accused the company of "playing too cute" and said he is "inclined to keep Exxon out" of Venezuela.

Other oil executives eyeing Venezuela are struggling to see a path for making money there when right now it can cost more to extract a barrel of Venezuela's notoriously hard-to-refine crude than companies can make selling it. "The administration has had to learn you don't go into Venezuela, turn a tap and 3 million barrels a day flow," Bob McNally, founder of research firm Rapidan Energy, said at the American Petroleum Institute's State of American Energy event this week. "It doesn't happen like that."

But there are industry players poised to make many millions off the U.S. actions in Venezuela, some of them with close ties to Trump and the GOP. Hedge fund billionaire Paul Singer's firm Elliott Investment Management has for years been buying distressed Venezuelan-owned assets in the U.S. at deep discounts. The firm is poised to use them to make a considerable profit turning newly available Venezuelan oil into gasoline. An Elliott affiliate acquired Citgo, the Houston-based refining firm owned by Venezuela's state oil company PDVSA. Citgo owns refineries in Illinois, Louisiana and Texas that are well-positioned to profit off the millions of barrels of Venezuelan oil.

### **Abu Dhabi National Oil Co. evaluating Venezuela investment options**

(Bloomberg; Jan. 15) - The United Arab Emirates' state oil giant is evaluating options for a potential entry into Venezuela's energy industry as the Middle Eastern country seeks to build out its international natural gas business, according to people with knowledge of the situation. Abu Dhabi National Oil Co. is watching developments in Venezuela with interest in partnering with another international producer on gas projects, according to the people, who asked not to be identified discussing confidential plans. Discussions are preliminary and would depend on clear legal and financial structures for investment.

Entering Venezuela would require political coordination with the U.S. following the stunning capture of leader Nicolas Maduro by President Donald Trump's administration. Trump has been exhorting U.S. oil firms to return to Venezuela and increase production, but some firms have been skeptical about a quick rampup. Any approach by ADNOC in Venezuela would be made via XRG, its international investment arm, according to the people. The company said on Jan. 15 that it doesn't comment on market speculation.

For XRG, an entry into Venezuela would be another push into gas worldwide. The company has made the fuel a cornerstone of its multibillion-dollar overseas expansion plans, with talks ongoing for a stake in an LNG project in Argentina following deals in the U.S., Africa and Central Asia. Abu Dhabi is betting on lasting demand for gas and chemicals as the energy transition is expected to slow growth in oil consumption over the next few decades. Backed by the emirate's oil wealth, XRG bought a stake in NextDecade's Rio Grande LNG project being built in South Texas.

## **Mitsubishi will buy U.S. Haynesville shale gas assets for \$7.53 billion**

(Reuters; Jan. 16) - Japanese trading house Mitsubishi will buy the U.S. shale production and infrastructure assets of Aethon Energy Management for \$7.53 billion, it said on Jan. 16, its largest deal yet as it seeks to strengthen its gas supply chain. If finalized, the deal would give the company a substantial gas operation adjacent to the U.S. Gulf Coast and the energy export facilities being developed there.

CEO Katsuya Nakanishi told a press conference the assets included one of the largest reserves in the southern U.S. gas-producing region and offered "high productivity and competitiveness." He added, "While capturing the anticipated growth in U.S. domestic gas demand, we aim to ensure a stable energy supply to overseas consumers, including Japan, amid the expected prolongation of the energy transition." Aethon, one of the largest privately held U.S. gas producers, focuses on the Haynesville shale in Louisiana and East Texas, with upstream output of 2.1 billion cubic feet per day.

The deal is the latest example of a Japanese company investing in the U.S. energy sector after Tokyo positioned gas as an important transition fuel even beyond 2050 and the country prepares for a surge in power demand from data centers. Mitsubishi is a major global LNG player from upstream production to trading, marketing and logistics. It holds stakes in LNG projects in Australia, Canada, Malaysia, Oman, Russia and the U.S., giving it equity LNG output of 15 million tonnes per year. Mitsubishi's deal comes after Japan's largest power generation company, JERA, announced a \$1.5 billion investment in October in the Haynesville Shale basin on the Louisiana-Texas border.

## **Shell, Mitsubishi reportedly looking at selling stakes in LNG Canada**

(Reuters; Jan. 16) - Oil major Shell and Japanese conglomerate Mitsubishi are exploring sale options for their respective stakes in the US\$28.8 billion LNG Canada project, three sources familiar with the matter told Reuters. The moves come as owners of the massive liquefied natural gas facility weigh a potential expansion, and after another stakeholder, Petronas, successfully offloaded a piece of the project.

Shell, the largest owner with a 40% stake, has been working with investment bankers at Rothschild & Co. to sound out interested parties in recent weeks, said two sources, who added that Shell could offload as much as three-quarters of its stake, or 30% of the project. Shell has expressed willingness to consider different options relating to its exposure to the project's first phase, which is operational, and a proposed expansion.

Mitsubishi, which holds a 15% stake, has hired RBC Capital Markets as it weighs its options, two of the sources said, cautioning deliberations were early and any sale effort would not kick off until later this year. The sources said sales by Shell and Mitsubishi were not guaranteed, speaking on condition of anonymity about private deliberations. The other partners are PetroChina, at 15%, and Korea Gas, with a 5% stake.

LNG Canada is the first major facility in North America with direct access to the Pacific Coast. The project in Kitimat, British Columbia, has a cost advantage because prices for Canadian gas consistently trade at a discount to the U.S. Henry Hub benchmark. Even so, existing and potential owners will consider industry fears of global oversupply of the supercooled fuel as new LNG output comes online. When fully ramped up, Phase 1 will have the capacity to export 14 million tonnes per year; an expansion would double that.

## **Multiple factors led to cancellation of LNG export project in Louisiana**

(Argus Media; Jan. 14) – Energy Transfer's decision at the end of 2025 to scrap its long-proposed 16.5 million-tonne-per-year Lake Charles LNG plant in Louisiana may have marked the first industry-wide reality check, casting doubt on the viability of planned projects against a looming global oversupply of liquefied natural gas. Energy Transfer was an exception among LNG developers — a traditional midstream firm with a network of crude, refined products, gas and gas liquids pipelines. Its Lake Charles import terminal, mothballed since 2012, was prime real estate for conversion to exports.

But the project was marred first by the COVID pandemic, which led then-partner Shell to withdraw in 2020, and then by failure to secure an extension to its export license under former president Joe Biden's Department of Energy. Offtaker interest was never an issue for Lake Charles LNG, which had already secured binding contracts for 11.9 million tonnes, or 72%, of its nameplate capacity — two-thirds of which were signed within six months in 2022. But the project faced a tougher environment for securing financing and building, which led Energy Transfer to seek higher liquefaction fees.

Steep competition for labor on the U.S. Gulf Coast has driven up construction costs, especially for projects using stick-built liquefaction trains such as Lake Charles. And Energy Transfer appears to have developed concerns over the long-term profitability of U.S. LNG. Instead of proceeding with the export terminal, the company said it plans to spend \$5 billion to \$5.5 billion on its gas line network in 2026, focusing on opening more routes to market for low-cost gas from the Permian Basin of Texas and New Mexico.

## **Reasons for concern over what is in store for LNG exporters in 2026**

(Reuters commentary; Jan. 16) - The year 2025 in the LNG sector will be one for the history books after production and exports of the fuel smashed records and raked in billions of dollars in revenues across the global liquefied natural gas supply chain. A 25% surge in LNG purchases by European countries was a key highlight and raised hopes among gas sellers that further growth in gas use in economies such as Germany, Italy and the United Kingdom is in store for 2026 and beyond.

But the steep climb in LNG purchases by several European countries in 2025 begs the question whether the region can sustain such a voracious appetite. Another question for LNG exporters is whether Europe's LNG purchases in 2025 were artificially inflated as several countries attempted to narrow their trade gaps with the U.S. during trade talks with the Trump administration.

Meanwhile, lower imports by three of the five largest LNG buyers — all in Asia — have raised profit concerns, especially among exporters banking on selling the larger volume of LNG expected to hit the market this year. Exporters also question demand in Asia, which took about 64% of all LNG imports last year, data from Kpler shows. Cargoes to Asian buyers last year marked a nearly 5% fall from 2024. The top two importers — China and Japan — registered LNG import cuts of 15% and 2%, respectively, in 2025.

LNG exporters will be anxious if Asia's appetite remains weak this year and Europe's buying pace slows. Rapidly expanding renewables power generation in China and steadily recovering nuclear power generation in Japan are further causes for concern as those squeeze gas out of generation mixes. And LNG purchases by No. 4 importer, India, dropped by 7% last year, yet another source of worry among exporters.

### **[Investment firm with Saudi backing looks at Argentine LNG project](#)**

(Bloomberg; Jan. 14) - MidOcean Energy, a liquefied natural gas company founded by investment firm EIG Global Energy Partners, is in talks to join Argentina's signature LNG export venture, according to people familiar with the matter. The \$20 billion project led by state-run YPF and Italy's Eni envisages construction of at least two floating liquefaction vessels with annual capacity for 12 million tonnes off Argentina's Atlantic coast. YPF executives have ambitions to incorporate a third production vessel.

Talks are at an early stage and MidOcean may yet walk away from the project known as Argentina LNG, said the people, who asked not to be named because the information is private. Saudi Aramco is an investor in MidOcean. Argentine President Javier Milei met MidOcean executives in Buenos Aires this week, according to a statement from his office that didn't provide details of the meeting. MidOcean holds stakes in gas-export plants in Australia, Peru and Canada, and has been looking to expand its portfolio.

Abu Dhabi National Oil Co.'s overseas investment arm, XRG, agreed in November to join as an equity partner in Argentina LNG but hasn't yet inked a binding deal. Argentina LNG is a key part of efforts to turn that country's booming Vaca Muerta shale patch into a significant global provider of oil and gas. The exports could, in turn, drive a generational shift to stabilize the country's crisis-prone economy.

## **U.S. gas pipeline construction highest since 2008**

(Midland Reporter-Telegram; Texas; Jan. 17) - Rising demand for natural gas is sending U.S. pipeline construction to a level not seen since 2008. Morningstar DBRS said there are 12 projects for new and expanded gas lines set to be completed in 2026 in Texas, Louisiana and Oklahoma. Added combined capacity from these projects will be about 18 billion cubic feet per day, which exceeds Canada's daily gas consumption. The added capacity is also the highest since 2008 when 31 bcf a day was added.

These projects are also justified by strong growth — some 20% year-over-year between 2014 and 2024 — of associated gas production from the Permian Basin. In fact, some 65% of that new capacity will come from four major projects in the Permian — the Apex, Blackcomb Pipeline, Blackfin Pipeline and Hugh Brinson pipelines — with a combined capacity of 11.7 bcf a day. The long-term outlook for production is growing due to liquefied natural gas exports and power demand driven by data centers, said Nima Billou, assistant vice president of energy, utilities and natural resources at Morningstar.

“In just dry gas alone, the U.S. Energy Information Administration said dry gas production is set to increase by 1.7% to 2.4% on a compound annual basis from 38.4 trillion cubic feet in 2024 to between 42.6 and 44.3 tcf in 2030. This is consistent growth. And the real kicker is this is just dry gas production,” he said. Gas production associated with oil production in the three largest tight-oil plays — the Permian, Eagle Ford and Bakken — is rising, he said. Not only that, but the gas-oil ratio is rising as well. In 2024, gas comprised 40% of total production from the three plays compared to 29% in 2014.

## **Mozambique president says work will restart soon on LNG project**

(Bloomberg; Jan. 15) - Mozambican President Daniel Chapo expects construction of TotalEnergies's \$20 billion liquefied natural gas project to restart as early as this month, reviving a potentially key revenue source for the cash-strapped government. There are already signs of construction preparation at the project that shut in 2021 after insurgent attacks near the site, Chapo said in an interview in Abu Dhabi on Jan. 14. He played down the risk that Islamic State-linked militants will halt construction again.

The Mozambique LNG project promised to transform one of the world's poorest economies and bring in billions of dollars in revenue to the state, some of which it earmarked to pay down debt. Repeated setbacks caused by security concerns have pushed out first exports to 2029, just as a wave of supply from Qatar and the U.S. is forecast to hit the global market. A restart would be welcome news for Mozambique's economy that's also struggling to recover from post-election unrest.

“If everything goes well, we may be able to resume effectively in late January or early February,” said Chapo, who was sworn in as the nation's leader a year ago. Total, the operator of Mozambique LNG with a 26.5% stake, previously said it wants the

government to approve \$4.5 billion in additional costs incurred during the almost five-year freeze before fully relaunching the project. The sides have agreed to allow the development to proceed while the approval process is under way, said Chapo. He was unable to give a timeline for Mozambique's audit of costs.

### **Canadian company expanding its propane sales to China**

(The Canadian Press; Jan. 15) - Canadian energy infrastructure company AltaGas says it's been able to seize a meaningful foothold in the Chinese propane market in less than a year — and it sees more opportunity ahead. AltaGas opened Canada's first propane export terminal in Prince Rupert, British Columbia, in 2019, but virtually all cargoes went to Japan and South Korea until April 2025, when it was able to tap the Chinese market.

The Calgary-based company has rapidly grown its market share in China since then, now supplying 6% of China's propane imports. It also supplies 14% of South Korea's and 11% of Japan's liquefied petroleum gas imports. Demand has been flat in those two markets, but AltaGas has been able to grow its position thanks to the shorter shipping distance from British Columbia than the U.S. Gulf Coast, said Randy Toone, executive vice president at AltaGas and president of its midstream division.

"When you look at the growth in China, it's been largely residential, as more people are moving out of poverty and using propane to heat and cook. They've been using other products like wood and coal," Toone said. "But also, as China is modernizing, they've been building a lot of petrochemical facilities. ... We want to penetrate that market further and that's where a lot of the demand growth is coming from."

### **Venezuela oil offered to U.S. refiners at \$6 discount to Brent**

(Reuters; Jan. 14) - Venezuelan crude oil was being offered this week to U.S. Gulf Coast refiners at a premium to competing Canadian barrels, two traders said. Venezuelan Merey-16 oil was offered for U.S. Gulf Coast delivery at a discount of around \$6 to Brent crude futures earlier this week, a trader said, while West Canadian Select at Houston settled at a roughly \$12.50 discount to Brent on Jan. 13.

Global commodities traders Vitol and Trafigura last week struck agreements with the U.S. government to help market stranded Venezuelan oil, days after the interim government in Caracas agreed to export up to 50 million barrels of crude oil to the U.S. A full-scale resumption of Venezuelan oil exports could benefit refiners in the United States, while a boost in Venezuelan exports to the U.S. Gulf Coast could hurt Canadian companies that sell a similar heavy oil.

Canada's crude tends to produce more naphtha — a lighter hydrocarbon produced after the oil is refined. With abundant availability of naphtha in the market, refiners may prefer the economics of running Venezuelan crude, two sources said.

## **USGS points to more shale oil and gas deep underground in Texas**

(HoustonChronicle.com; Jan. 15) - Deep beneath West Texas, federal scientists say there is still a massive cache of oil and gas left to tap. A new U.S. Geological Survey assessment of the Permian Basin found technically recoverable resources of 28.3 trillion cubic feet of gas and 1.6 billion barrels of oil in the region's Woodford and Barnett shales, according to the agency. What makes the finding notable is not just the scale, but the location.

The Woodford and Barnett shales stretch from the Permian Basin into southeastern New Mexico, and they sit far deeper than many of the formations that have made the Permian an energy powerhouse. In some places, they occur up to 20,000 feet below the surface, the USGS said. That depth helps explain why these layers have not been the stars of the Permian's decades-long boom.

The new assessment focuses on what could still be extracted, resources that were not counted in previous tallies because they had not been discovered or were not accessible with older tools. The USGS said advances in production technology have changed what is possible in formations that were once too deep to reach economically.

## **Russia's oil and gas revenues fell to 5-year low in 2025**

(Bloomberg; Jan. 15) - Russia's revenues from its oil and gas industry, vital to financing its war in Ukraine, dropped to a five-year low in 2025 as crude prices slumped and natural gas exports declined. The nation's budget received a total of 8.48 trillion rubles (\$108 billion) in oil and gas taxes last year, Finance Ministry said on Jan. 15. That's 24% less than in 2024 and the lowest since the start of the decade, historical figures show.

Russia, a top-three global oil producer and home to the world's largest gas reserves, heavily relies on tax revenues from the two industries to fill its state coffers. The decline, mainly driven by a combination of weaker global oil prices, stronger ruble and energy sanctions against Russia, comes as the Kremlin has boosted military spending significantly above what it planned to fund the war, which is about to enter a fifth year.

To bridge the widening gap between revenues and spending, the government has eaten into more than half of the country's National Wellbeing Fund — a buffer against economic shocks — and turned to expensive borrowings that will take years to pay

back. Concerns about an oversupply in the global crude market and the resulting weak pricing, and discounts for Russian barrels in particular due to Western sanctions, have hit the flow of money into state coffers.

### **Egypt imported record volume of LNG in 2025**

(S&P Global; Jan. 14) - Egypt imported a record volume of LNG in 2025, highlighting its growing energy needs as it faced a domestic gas production decline and less reliable supply from Israel amid its ongoing tensions with Hamas. The country imported a total of 9.01 million tonnes of LNG last year, equivalent to 129 cargoes, data from Platts, part of S&P Global Energy, showed, with 90.9% of this from the U.S.

The last six months of the year saw the most imports at 3.36 million tonnes, or 49 cargoes, in the third quarter, and 3.28 million, or 46 ships, in the fourth quarter. Due to a lack of investment upstream, Egypt has seen a multiyear-long decline of domestic gas production, particularly at the Zohr gas field, which accounts for about one-third of the country's output. This shortage has not been aided by conflict between Israel and Hamas, which led to Israel intermittently cutting of pipeline gas to the region. Previously a regional gas exporter, Egypt has established itself as a long-term LNG importer.