

Oil and Gas News Briefs

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Wood Mackenzie forecasts slowdown in LNG development

(GasWorld; Jan. 22) - After a record year for liquefied natural gas export project final investment decisions, research and consultancy firm Wood Mackenzie expects the momentum to slow sharply in 2026. Only a small number of projects are likely to reach sanction, roughly half the level of 2025. Nine LNG projects took FID in 2025, totaling 72 million tonnes per year. Wood Mackenzie forecasts that only four to five will reach FID this year, as developers reassess timing amid a softer market outlook.

The slowdown comes as the LNG market absorbs a wave of capacity already under construction. Around 225 million tonnes of annual LNG supply is currently being built globally, with nearly 30 million tonnes expected to enter the market in 2026. That expansion is expected to weigh on prices, with the firm forecasting spot LNG prices could fall below oil-linked parity, weakening the case for new project FIDs.

“The gas and LNG industry is navigating a complex transition as abundant new supply meets questions about demand growth and regulatory risks,” said Massimo Di Odoardo, vice president, gas and LNG research at Wood Mackenzie. Rising engineering, procurement and construction costs are adding further pressure, particularly for projects still competing for long-term offtake. With buyers increasingly able to source supply from already-sanctioned plants, developers without firm contracts or clear cost advantages are likely to delay investment decisions, pushing some projects beyond 2026.

Wood Mackenzie’s predictions for FID in 2026 include CP2 in Louisiana. It also lists Delfin FLNG 1, part of an offshore deepwater development in the Gulf of Mexico, and Cheniere’s Sabine Pass Stage 5 expansion in Louisiana as probable FID candidates.

Japanese companies step up investment in U.S. gas assets

(Center for Strategic and International Studies; Jan. 23) - Since mid-2025, some of Japan’s largest exploration and production companies, gas and power utilities and trading houses have invested in U.S. gas assets. With the U.S. expected to supply up to one-third of global liquefied natural gas volumes by the early 2030s, importers want to control more of their own supply base to mitigate the risk of rising U.S. natural gas prices that feed into the cost of LNG exports. Japanese companies also anticipate strong gas demand from the U.S. power sector and industry, competing for supply.

On Jan. 16, Mitsubishi said it would acquire the equity interests of Aethon Energy, a large Haynesville Basin producer, for \$5.2 billion and \$2.3 billion in assumed debt. Mitsubishi cited a desire to build an integrated gas supply chain in North America, and to increase production of gas that could supply U.S. power plants, manufacturing and other industry and, potentially, LNG export facilities. In December, Tokyo Gas — one of Japan's largest gas utilities — said it plans to spend at least half of its \$2.3 billion overseas investment budget in the coming three years in the U.S.

JAPEX, an exploration and production company with assets in Indonesia, Iraq, Norway, Russia, and the U.S., spent \$1.3 billion on oil and gas assets in Colorado and Wyoming. Several months earlier, JERA — Japan's largest power producer and one of the world's largest LNG buyers — made a \$1.5 billion investment in the Haynesville Basin, which supplies gas to numerous Gulf Coast export facilities. A potential concern is that higher U.S. gas prices will elevate feed gas costs to liquefaction plants, posing a risk. One way for Japanese buyers to mitigate this risk is to move into the U.S. upstream sector.

Japan's appetite for gas continues to set the tone for strategic engagements with the U.S. Tokyo's latest trade commitments to Washington include "stable and long-term incremental purchases of U.S. energy, including LNG, totaling \$7 billion per year, while exploring a new Alaska offtake agreement for such LNG." But Japanese companies may be demonstrating a cautious approach in differentiating between gas investments in the Lower 48 versus Alaska LNG, with its extremely challenging project economics.

U.S. winter freeze boosts gas prices and affects LNG exports too

(Reuters commentary; Jan. 26) - An Arctic blast sweeping across the U.S. Northeast and Midwest has triggered a sharp rally in natural gas prices on fears of production disruptions. The spike has reverberated across overseas markets, underlining the growing globalization of the U.S.-dominated liquefied natural gas trade. U.S. gas futures have surged by almost 70% over the last week to \$5.35 per million Btu, their highest in three years. The cold spell is set to lift domestic gas demand this week to 156 billion cubic feet per day, compared with a five-year January average of 137 bcf.

At the same time, icy conditions are forcing drillers in regions such as the Permian shale basin in Texas and New Mexico to curb output due to "freeze-offs," when water and other liquids in the gas stream freeze. The trend will likely intensify as temperatures get colder. Tighter U.S. supply could cut into LNG exports and raise prices, as liquefaction plants receive less feed gas. Severe cold has curtailed oil and gas production several times in recent years. A 10-day cold spell in January 2024 led to a 3% drop in average monthly dry gas output, according to U.S. Energy Information Administration data.

What has changed in recent years is that cold weather conditions in the U.S. can now lead to higher gas prices in Asia and especially Europe, which is heavily dependent on U.S. LNG after Russia slashed pipeline flows following its war on Ukraine in 2022. The

U.S. now dominates the LNG market, becoming in 2025 the first country to export over 100 million tonnes in a year. The increasingly interconnected market means that when sudden shifts in supply or demand occur in major producing areas, whether due to outages or extreme weather, the global hit will be more pronounced than in the past.

China's LNG imports fall 15%, coal imports down 11% in 2025

(Reuters commentary; Jan. 23) - China's electricity output and clean-energy technology exports scaled record highs in 2025, liquefied natural gas and coal imports contracted and crude oil imports nosed higher in another dynamic year for the world's largest power producer and energy consumer. The country's power system is getting cleaner and less reliant on fossil fuels.

Total imports of LNG were 66.6 million tonnes in 2025, which marked a 15% drop from 2024 to the lowest annual import volume since 2022, according to data from commodities intelligence firm Kpler. The downturn in LNG import demand was spurred by reduced industrial activity amid an enduring manufacturing soft patch. That said, China's power generators boosted gas-fired electricity production by 5% in 2025 to a record, which helped underscore total demand for natural gas even as LNG imports sagged. The additional gas came from domestic production and pipeline deliveries.

However, the share of gas within China's electricity network dropped to a multi-year low of 2.8%, highlighting that gas retains only a minor role in the sector. China's imports of coal for power stations slumped by 11% last year, Kpler data shows. That's the lowest annual import total since 2022 and comes as power firms seek to reduce coal use. The world's leading manufacturer of clean-energy technologies produces far more than can be consumed at home. As a result, China's total clean-tech exports have blasted to record highs in recent years, surging by more than 20% in 2025 to around \$222 billion.

China reports record imports of Russian LNG in December

(Bloomberg; Jan. 21) - China reported a larger-than-expected surge in Russian liquefied natural gas purchases at the end of last year, suggesting better demand from Asia's top importer than traders had priced in. Chinese customs data showed Russian LNG imports in December rose to a record 1.9 million tonnes. That's more than double the 850,000 tons estimated in ship-tracking data compiled by Bloomberg. The customs statistics in November were also 90% higher than the shipping data.

The mismatch points to China's demand in the last two months of 2025 exceeding the market's low expectations, after roughly a year of declining imports. The data discrepancy may have arisen because Russia is using more so-called shadow tankers

that mask their location to ship sanctioned gas. Or, it could reflect different timings on when a cargo lands in China and when it's cleared by customs.

Tracking individual tankers has become the go-to way for estimating global LNG flows over the past decade. China began importing blacklisted Russian LNG in August and has taken delivery of roughly two-dozen cargoes at its Beihai terminal in the south of the country at a hefty discount to spot prices. At the same time, the shadow fleet ferrying the fuel has been stepping up efforts to circumvent Western restrictions.

India holding back on LNG long-term deals, waiting for lower prices

(Bloomberg; Jan. 25) - India's LNG importers are holding up deals spanning decades as they push to lock in cheaper prices, hoping that a surge in supply will tilt negotiations in their favor. Major buyers including Gail India and Bharat Petroleum have been pushing for lower prices and more flexible long-term contracts, leaving discussions with LNG producers stalled for more than a year, according to people familiar with the matter. That tactic could be rewarded if prices drop as new supply from the U.S. to Qatar go online.

The talks will be a key topic at India Energy Week, which kicks off on Jan. 27 and will be attended by major producers including Abu Dhabi National Oil Co. and TotalEnergies. These companies have invested billions of dollars in massive LNG export plants and new supply on the bet that demand in Asia, including India, will rise for years as the region powers fast-growing industries and transitions away from dirtier fossil fuels.

India for years had a goal of gas making up 15% of its energy mix by 2030, roughly double the current level. However, it has struggled to progress toward the target due in part to LNG being too expensive for consumers. Imports have essentially plateaued since 2020, with Russia's 2022 invasion of Ukraine upending the market and sending prices to an all-time high. That dynamic could begin to shift. Global LNG capacity is set to rise by about 50% by the end of the decade — the biggest build-out in the industry's history. India's buyers are looking for long-term supply contracts from around 2028.

Shell reportedly considering sale of shale gas assets in Argentina

(Reuters; Jan. 22) - Shell is considering a sale of its assets in Argentina's Vaca Muerta shale play and has approached potential buyers in recent weeks to gauge their interest, three sources familiar with the matter told Reuters. Shell is open to selling some or all of its interests in the highly sought shale oil and gas play, part of Argentina's Neuquen Basin, two of the sources said. The assets are likely to be valued in the billions of dollars, they said, adding that a precise estimate was difficult because some of the assets are undeveloped and commodity prices are volatile.

Shell declined to comment. A full sale would mark a surprise exit by one of the Vaca Muerta's earliest backers, just as interest in the region is growing due to concerns that other large shale fields, including the top-producing Permian Basin of Texas and New Mexico, have peaked. In contrast to the Permian, which has been drilled extensively since the shale boom began there about two decades ago, only about 8% of the Vaca Muerta is under development. The play is estimated to hold the world's second-largest shale gas and fourth-largest shale oil resources, according to U.S. statistics.

A sale of Vaca Muerta would follow Shell's recent decision to exit Argentina LNG, after Argentina's state oil firm YPF halved the project's planned production capacity. Shell entered Vaca Muerta in 2012. Shell's share of production from Argentina was around 15.6 million barrels of oil equivalent in 2024, according to its latest annual report. Shell has sold a number of assets since Wael Sawan was appointed CEO in 2023 and tasked with improving performance after bets on a pivot from oil to renewables failed to pay off.

Europe's LNG imports forecast to set record this year

(Bloomberg; Jan. 23) - Europe will import record volumes of liquefied natural gas this year, deepening its reliance on the volatile global market, according to the International Energy Agency. The region is expected to buy almost 6% more LNG in 2026 than last year, the agency said in a report on Jan. 23. Even as overall demand for the fuel is set to drop amid the continued expansion of renewables, Europe will need more gas to replenish rapidly depleting inventories and sustain exports to war-torn Ukraine.

Imports have been rising since Europe lost most of its Russian pipeline gas after the invasion of Ukraine. LNG now covers roughly half of the continent's gas needs. While that's helped to avoid supply shortages — including during the energy crisis four years ago — it's increased its exposure to global price volatility and geopolitical risks. Global LNG supply growth, already accelerating, is expected to expand this year at its fastest pace since 2019, the IEA said. The additional volumes should ease fears of market tightness, but geopolitical tensions and weather risks could still stoke huge price swings.

The IEA expects global gas consumption to rise nearly 2% this year to a record, following growth of less than 1% in 2025. Asia is forecast as the main driver. In Europe, total gas demand — imported LNG plus pipeline gas deliveries — is projected to fall 2%. Continued growth in renewables is set to curb gas in Europe's power sector, while industrial demand may rise as supply improves.

Santos puts offshore Australia gas field into production to make LNG

(Australian Broadcasting Corp.; Jan. 21) - After delays stretching more than a year, Santos said the first gas from its A\$5.6 billion Barossa project will soon be shipped to

the Sakai terminal in Japan. The company announced Jan. 21 that the first gas from its offshore project in the Timor Sea had arrived at the Darwin LNG plant. Barossa, which has been widely considered crucial to the future of the Northern Territory's economy, was originally due to begin in the first half of 2025, but faced significant setbacks.

Most notably, Santos was forced to pause pipeline work for several months in 2023 after a group of First Nations elders on the Tiwi Islands initiated court proceedings over sacred sites. Energy analyst Saul Kavonic said Santos faced further issues in commissioning the project, but that the startup announcement would be a "sigh of relief" for investors. "They just want to see that Santos gets this up and running and delivering cash flow for shareholders as quickly and safely as possible," he said.

Kavonic also said Santos needs to show it can ramp up the project and maintain output at full rates. "Santos provided ... an indication of production levels from 2027 and that actually was a downgrade compared to what investors were expecting, partly because of the delays to Barossa," he said. Santos also announced that its Alaska project Pikka — which cost an additional A\$200 million — is on track to produce the first oil in the first quarter of 2026, and then ramp up to full production by the middle of the year.

[EU ban on imported fuels made from Russian crude takes effect](#)

(Bloomberg; Jan. 22) - The European Union's ban on the import of fuels made from Russian crude has put some traders on edge as the bloc's curbs enter into force — a reminder of the potential for blowback from regulations that are designed to hurt Moscow. The EU confirmed last summer that companies would be banned from importing fuel made from Russian oil, a measure that entered into force on Jan. 21.

A handful of middlemen said a caution-first approach is being taken toward any supplies that might fall foul of the new rules, although others said imports should be fine as long as the right paperwork is in place. How traders interpret the rules matters because about a fifth of the EU's seaborne diesel and jet fuel imports come from India and Turkey, both of which received significant quantities of Russian oil over the past year. Any interruption to those deliveries could erode Europe's supplies.

Europe's diesel market is showing some signs of supply pressures, with benchmark futures hitting their widest premium to crude since early December on Jan. 21. Along with the new EU sanctions, traders are contending with recent cold weather — heating oil, a diesel-type fuel, is still used in parts of the region — and lower exports from Russia. The EU's new rules are designed to prevent Russia's hydrocarbons coming into the bloc through so-called "back door" trading. India and Turkey have increased imports of oil from Russia, while also sending more fuel — much of it diesel — to the EU.

Libya signs 25-year oil deal with TotalEnergies and ConocoPhillips

(Reuters; Jan. 24) - Libya signed a 25-year oil development agreement on Jan. 24 with France's TotalEnergies and U.S.-based ConocoPhillips, involving more than \$20 billion in foreign-financed investment, Prime Minister Abdulhamid al-Dbeibah said. Signed through Waha Oil Co., the deal is aimed at boosting production capacity by up to 850,000 barrels per day and is expected to generate net revenues of more than \$376 billion, Dbeibah said in a post on X. A Waha source said the company's daily output typically ranges between 340,000 and 400,000 barrels a day under normal operations.

Waha, a subsidiary of Libya's state-run National Oil Corp., operates five main oil and gas fields as well as several producing subfields, connected by pipeline networks that transport crude to the Sidra oil terminal and gas to processing facilities. The government also signed a memorandum of understanding with U.S. oil major Chevron and a cooperation agreement with Egypt's oil ministry during the Libya Energy and Economy Summit being held in Tripoli.

Libya is one of Africa's biggest oil producers and a member of OPEC. Foreign investors have been wary of putting money into Libya, which has been in a state of chaos since the overthrow of Muammar Gaddafi in 2011. Disputes between armed rival factions over oil revenues have often led to oil field shutdowns.

China's future in Venezuelan oil industry 'up in the air'

(Wall Street Journal; Jan. 23) - When Venezuela booted out U.S. oil companies nearly two decades ago, China stepped in. Now, Beijing's foothold there is in doubt as the U.S. asserts power over Venezuela's oil patch. Chinese government-owned oil companies hold claims to more than 4 billion barrels of Venezuelan oil, nearly five times as much as the only U.S. major that produces in the South American nation, Chevron. Beijing's production deals, oil rigs and debt-backed supply arrangements have long bought it enormous sway in Venezuela — all of it now subject to the Trump's preferences.

The Chinese producers expanded their claims in the aftermath of a 2007 Venezuelan nationalization drive that pushed out Exxon Mobil and ConocoPhillips. China quickly emerged as a financier, equipment supplier and political partner. Since orchestrating the ouster of Venezuelan President Nicolás Maduro this month, President Trump has welcomed China to continue buying Venezuelan oil, so long as Beijing pays market prices. Nearly all of the country's paltry output in recent years had ultimately flowed to China in largely black-market purchases, at a steep discount to global prices.

China's embassy in Washington said its assets in Venezuela are governed by international law and benefit both nations. "China will take all necessary measures to protect its legitimate rights and interests in Venezuela," a spokesman said. "The future

of China's oil companies in Venezuela's oil industry is up in the air," said Erica Downs, a Chinese energy-policy specialist at Columbia University.

U.S. will not provide direct security for oil producers in Venezuela

(Bloomberg; Jan. 22) - The Trump administration has no plans to directly provide security to oil producers in Venezuela, Energy Secretary Chris Wright said Jan. 22, dismissing the notion U.S. troops will be used to address companies' concerns about safety in the troubled nation. "We are not going to get involved in providing on-the-ground security," Wright said during an interview with Bloomberg Television.

Oil executives and industry leaders have stressed that companies need political and legal reforms, contract certainty and security guarantees before investing in Venezuela following the apprehension of former President Nicolás Maduro. While U.S. President Donald Trump has vowed to provide "total safety" to companies operating there, it remains unclear how the U.S. would accomplish that.

Wright said the steps the U.S. has taken in Venezuela have already made the nation a more secure place to work and that oil companies are well versed in operating in challenging environments around the world. Wright said he plans to travel to Venezuela within the next few weeks to meet with government officials, look at the oil infrastructure and meet with the nation's acting President Delcy Rodríguez.

Rising freight rates entice tanker owners to carry Russian oil

(Bloomberg; Jan. 21) - Soaring freight rates have enticed some shipowners to use new tankers to haul Russian oil, a trade usually carried out by older vessels that are close to — and occasionally over — their usual lifespan. Rates spiked at the end of 2025 after the U.S. and European Union blacklisted hundreds of tankers in the trade, squeezing supply. The reputational risk and threat of sanctions spooked some shipowners, but the money to be made was too tempting for at least two Greek companies.

Shipping Moscow's oil isn't outright illegal, though moving barrels above a so-called price cap means the trade will not be supported by services from Western providers that dominate sectors such as insurance. The fear of breaching that cap often deterred legitimate operators, with the dark fleet filling the gap. Now, sanctions have led to a plunge in Russian oil prices, providing a buffer from the price cap and giving the Greek firms the confidence to join and cash in using three tankers that are less than a year old.

The average rate to transport Russian Urals oil from Primorsk to India's west coast rose to more than \$60 per ton in late December — the highest level in two years — according to data compiled by Argus Media, due to the ship shortage. That compares

with around \$25 at the beginning of last year. Those returns have prompted Dynacom Tankers Management and Capital Ship Management to deploy some of their newest vessels to the trade. Neither company responded to requests for comment.

Pipeline capacity rationing increases for Canadian oil sands

(Bloomberg; Jan. 21) - The Canadian oil industry's two-year reprieve from oil pipeline bottlenecks may be nearing an end. Enbridge rationed the most space on its Mainline pipeline system for February than in any month since March 2024, which was before the expanded Trans Mountain line added almost 600,000 barrels a day of export capacity. Shippers on the Mainline were required to cut the volumes they could move by 22% for dense, high-sulfur Alberta's oil sands crude and by 24% for light crude.

The increase in rationing to handle a growing volume threatens to widen the discount for Canadian oil at a time when crude prices are already falling amid a glut of global supplies. Oil sands production is particularly exposed after the U.S. nabbed Venezuelan President Nicolás Maduro earlier this month. President Donald Trump has said the U.S. plans to sell as much as 50 million barrels of Venezuelan crude — a grade similar to Canadian heavy oil — into the international market following the leadership change.

The discount of Canadian heavy crude to the U.S. benchmark has widened to \$14.80 a barrel from near \$13 before Maduro's capture. Canada's producers had benefited from almost two years of ample pipe capacity, particularly since the Trans Mountain expansion, which allowed oil sands producers to ship significant volumes to China for the first time and reduced the reliance on U.S. refiners. Since then, Canadian heavy crude has traded at an average discount of about \$12 a barrel to the U.S. benchmark, compared with almost \$17 a barrel in the year before the expansion.

California sues federal government to block restart of oil pipelines

(Associated Press; Jan. 23) - California sued the federal government on Jan. 23 for approving a Texas company's plans to restart two oil pipelines along the state's coast, escalating a fight over the Trump administration's removal of regulatory barriers to offshore drilling for the first time in decades. The administration has hailed the project by Sable Offshore to restart production in waters off Santa Barbara damaged by a 2015 oil spill as the kind of project President Donald Trump wants to increase U.S. production.

The state oversees the pipelines that run through Santa Barbara and Kern counties, said Attorney General Rob Bonta. "The federal administration has no right to usurp California's regulatory authority," he said. "We're taking them to court to draw a line in the sand and to protect our coast, beaches and communities from potentially hazardous

pipelines.” Trump signed an order on the first day of his second term to reverse then-President Joe Biden’s ban on offshore oil drilling on the East and West coasts.

Bonta said one of the pipelines Sable wants to restart burst in 2015, spilling oil along the coast. The event was the state’s worst oil spill in decades. More than 3,300 barrels of oil gushed out, blackening beaches for 150 miles from Santa Barbara to Los Angeles. It polluted a biologically rich habitat for endangered whales and sea turtles, killing scores of pelicans, seals and dolphins, and hitting the fishing industry. The drilling platforms were subsequently shuttered. Sable has faced a slew of legal challenges but has said it is determined to restart production, even if that means confining it to federal waters.

Abandoned oil and gas wells a costly, lingering problem in Texas

(Texas Tribune; Jan. 22) - The first sign of trouble was in 2003, when water samples came back salty. This remote corner of West Texas had long served as the City of Midland’s insurance policy for water security. Midland bought 20,000 acres spanning Winkler and Loving counties in 1965, waiting for the day it would need to pump water from the property. Extra salts in the aquifer were not part of the plan. The search landed on Heritage Standard Corp. as the prime suspect. The small Dallas-based company operated oil and gas wells and a disposal well near Midland’s water source.

In 2007, the city filed a complaint with the state, alleging that the disposal well had contaminated the groundwater. The state ordered the company to remediate. But in 2010, Heritage Standard filed for bankruptcy. The saga continues to this day. The pollution is still being cleaned up more than two decades later. Heritage Standard also abandoned six inactive wells, known as orphan wells, that the state is now on the hook to plug — among the more than 11,000 orphan wells on the list for plugging in Texas.

Protecting water from pollution is one of the Texas Railroad Commission’s primary mandates. The commission regulates oil and gas drilling in the state. The Midland case shows how costly, complicated and time-consuming it can be to clean up groundwater pollution left by oil companies. The bankruptcy process allowed Heritage Standard to shed troublesome assets. But the pollution persists. This is one of more than 500 active cases of groundwater contamination attributed to oil and gas activities, going back decades, that the Railroad Commission oversees.

Arbitration court rejects profiteering claim against U.S. LNG supplier

(Reuters; Jan. 21) - Venture Global said on Jan. 21 that an arbitration tribunal had ruled in its favor in a dispute with Spain’s Repsol over the supplier’s initial failure to deliver liquefied natural gas from its Calcasieu Pass project in Louisiana under a 20-year long-term contract. The ruling contrasts with a decision on Oct. 9 that saw BP prevail over

Venture Global in a similar complaint brought at the International Chamber of Commerce International Court of Arbitration.

It means Venture Global has won two out of the three arbitrations brought against the second-largest LNG exporter in the U.S., having first prevailed in an arbitration brought against it by Shell. A Repsol spokesperson said on Jan. 22 that the company was reviewing the tribunal's decision to determine next steps. The arbitration panel awarded fees to Venture Global, according to a regulatory filing.

Other companies, including Italy's Edison and Portugal's Galp, have also filed claims against Venture Global that are still pending. They accuse the supplier of profiting from selling LNG on the spot market — when prices surged after Russia's war on Ukraine — instead of delivering them the cargoes they had signed for years in advance. Venture Global has denied the allegations, blaming its delays in starting commercial operations on a faulty electric system that prevented Calcasieu Pass from operating optimally. Repsol signed with Venture Global in 2018 to buy 1 million tonnes per year for 20 years.